



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

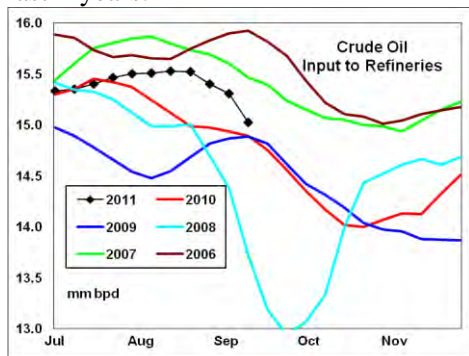
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, September 14,

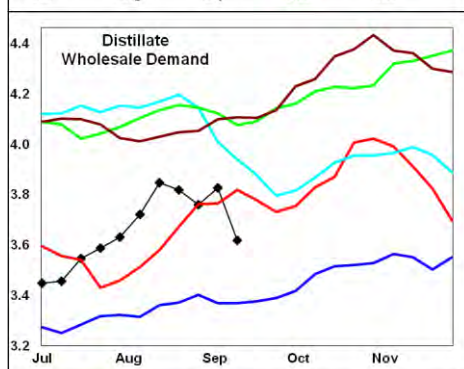
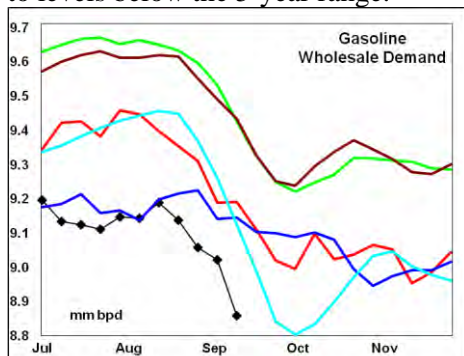


Major Fundamental Trends¹

Tropical storm Lee, hurricane Irene and the start of fall maintenance has caused crude oil refinery runs to drop -846,000 bpd in the last 2-wks. Even with the decline, runs remain above the last 2-years.

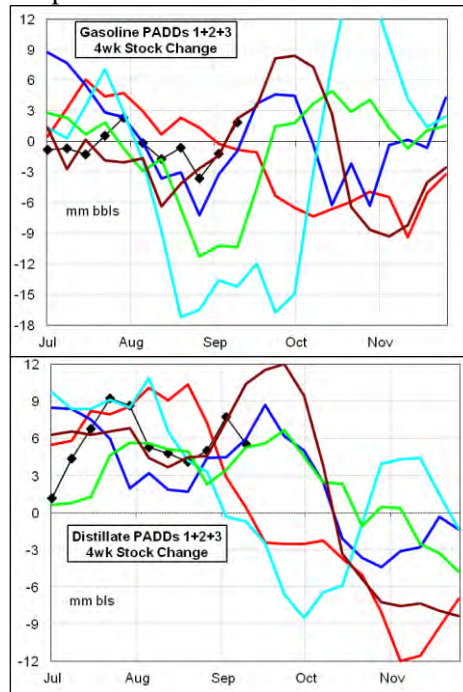


Wholesale demand for transport fuels was also impacted by weather disruptions, as well as an end to peak summer gasoline demand. An exceptionally weak consumer economy continues to depress gasoline demand, to levels below the 5-year range.



The drop in crude oil refinery runs has reduced transport fuel production, with the drop in wholesale demand

offsetting this decline. As a result the rate of stock builds in markets East of the Rockies has matched or exceeded the historic mid range for the latest 4-wk period.



Demand for gasoline and distillate fell a combined -0.3 million bpd last week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.7%; distillate up +0.8%; jet fuel up +2.5% while residual fuel oil increased +2.5%.

Stocks forward coverage: Gasoline demand coverage increased on a +1.9 million barrel stock build and lower demand. Coverage levels were at the upper end of the historic range.

Distillate coverage increased on a +1.7 million barrel stock build last week, and lower demand. Coverage levels were significantly below the last 2-years.

Jet fuel coverage levels remain well below the last 2-years on lower stocks.

Refinery utilization rates fell on a -426,000 bpd drop in crude oil runs last week. Runs have declined -0.8 million bpd in the last 2-wks; due in part to weather disruptions caused by hurricane Irene and tropical storm Lee.

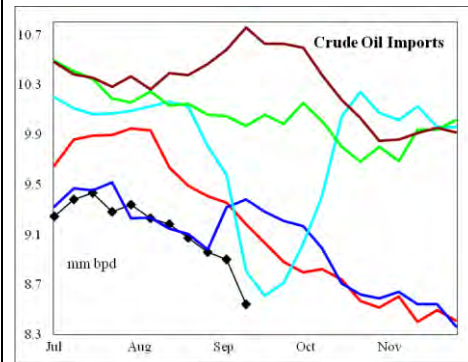
During the latest 4-wk period crude oil input was +488,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a +195,000 bpd rise in production, compared to the -426,000 bpd drop in crude oil runs. Yield % on crude oil runs matched the 5-year mid range.

Distillate yield % on crude oil runs increased on a -54,000 bpd drop in production compared to the decline in crude runs. Yield % on crude oil runs were above the 5-year range.

Jet fuel yield % on crude oil runs decreased on a -65,000 bpd drop in output. Yield % levels remain near 5-year highs for the period.

Petroleum Imports of crude oil fell -0.4 million bpd last week, to new record lows; the result of hurricane Irene on the East Coast and tropical storm Lee on the Gulf.



During the latest 4-wk period crude oil imports decreased -0.5 million bpd compared to last year; distillate imports decreased -41,000 bpd; finished gasoline imports increased +61,000 bpd, gasoline blend stock imports fell -441,000 bpd; jet fuel imports declined -79,000 bpd, while residual fuel oil imports decreased -63,000 bpd.

Crude Oil stocks fell -6.7 million barrels, including a -7.7 million barrel draw in the Gulf. Weather disruptions caused by hurricane Irene on the East Coast and tropical storm Lee on the Gulf caused the shutdown of off shore production and a delay in receipt of imports; keys to the stock draw.

¹ Source is latest EIA Weekly Statistics



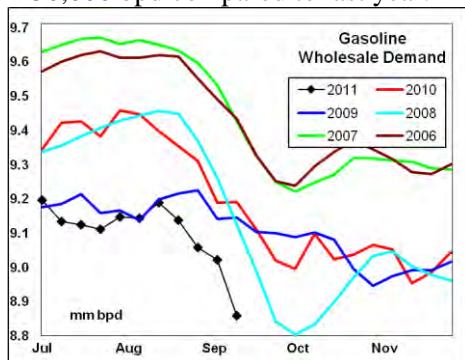
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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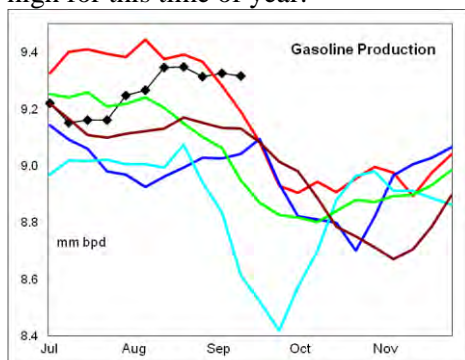
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Product Supply-Demand Trends

Gasoline demand decreased -108,000 bpd last week in response to weather disruptions caused by hurricane Irene and tropical storm Lee; and the continued seasonal downtrend. The latest 4-wk average demand decreased -250,000 bpd compared to last year.



Production increased +195,000 bpd last week, lifting the level to a 5-year high for this time of year.



Stocks increased +1.9 million barrels last week, with the level above the mid range.

Wholesale demand levels remain well below the last 2-years on a very weak consumer economy.

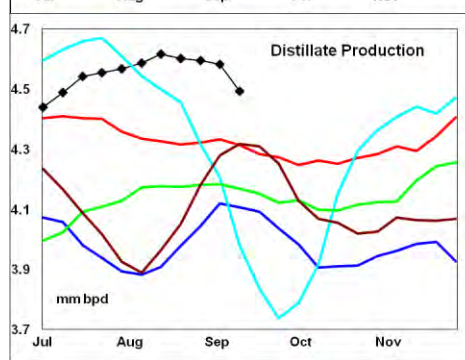
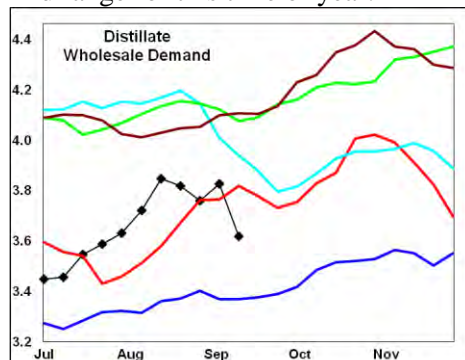
Regional markets exhibit considerable imbalance. The Gulf and Southeast Regional markets are extremely over supplied with stock levels at 5-year highs. Stock levels in the Rockies, Midwest, New England and the Central Atlantic Regions of PADD 1 are all near 5-year lows.

The high level of stocks in the Gulf and lower seasonal demand should lead to improved supplies in PADDs 1 and 2 during the next 45-days.

Distillate demand decreased -195,000 bpd last week, to a level below last

year. The latest 4-wk average demand was +30,000 bpd above a year ago.

Supply decreased -52,000 bpd last week on lower production. Reduced supply was offset by lower demand, leading to a +1.7 million barrel stock build last week. The latest 4-wk stock build in markets East of the Rockies was +6 million barrels, matching the mid range for this time of year.



Wholesale demand has slowed over -400,000 bpd in the last 2-wks, due in part to weather disruptions caused by hurricane Irene on the East Coast and tropical storm Lee on the Gulf.

Refinery output remains well above the prior 5-year range, even with the weather disruptions.

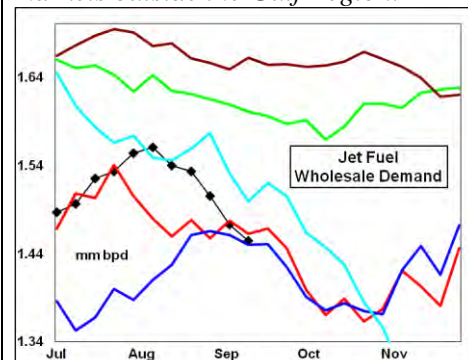
Based on the high rate of production and modest demand growth, stocks should continue to build for the next month, even as fall refinery maintenance begins.

Jet Fuel demand declined -48,000 bpd last week, to a level comparable to the last 2-years. The latest 4-wk average demand was +36,000 bpd above last year.

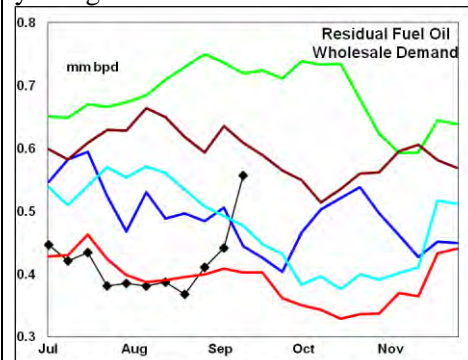
Supply decreased -76,000 bpd on the week, driven by lower production and imports. Production remains above the 5-year range. Stocks were

nearly unchanged on the week, at a level below the last 2-years, but above the 5-year mid range.

The jet fuel supply balance was stable last week, with high production offset by lower demand. Stock levels are near 5-year highs in all regional markets outside the Gulf Region.



Residual fuel oil demand climbed +176,000 bpd on the week, with the 4-wk average +11,000 bpd above a year ago.



Supply (production + imports) was unchanged last week, with higher imports offset by lower production. The latest 4-wk average supply was +29,000 bpd above last year. Stocks fell -2 million barrels, with the level at the low end of the historic range.

Supplies decreased -102,000 bpd last week in the key Gulf Coast market, with stocks falling -1.6 million barrels. These trends point to a tightening of the supply balance.

West Coast stock levels are near record highs, pointing to a well supplied regional market.

Supplies in other regions are at levels in line with generally lower output.



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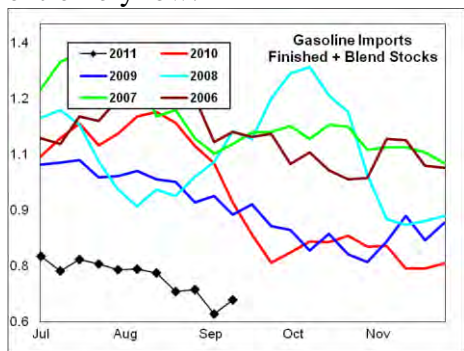
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PADD Supply Trends

PADD 1 refinery crude oil runs jumped +284,000 bpd on the week, as plants restarted after hurricane Irene.

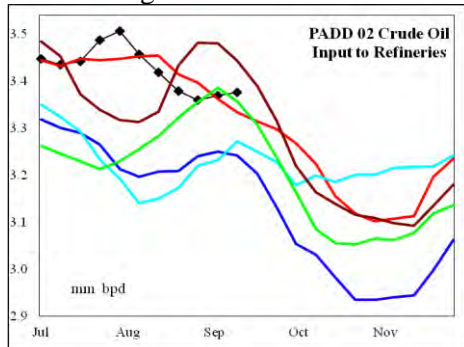
Gasoline production was nearly unchanged on the week, at a level below the last 60-days. Imports increased +68,000 bpd on the week, although the level remains extremely low.



Gasoline stocks increased +0.7 million barrels on the week, with the level slightly below the mid range. Stock levels were extremely low in New England and Central Atlantic Regions.

Distillate supply increased +127,000 bpd as refiners returned to operation after hurricane Irene. Stocks fell -1 million barrels, with the level below the mid range.

Jet fuel market remains well supplied with both stock levels and production at the upper end of the historic range.



PADD 2 crude oil refinery runs decreased -13,000 bpd on the week, with the level at the upper end of the historic range. Imports averaged +30% above last year during the latest 4-wk period. Stock levels ended the

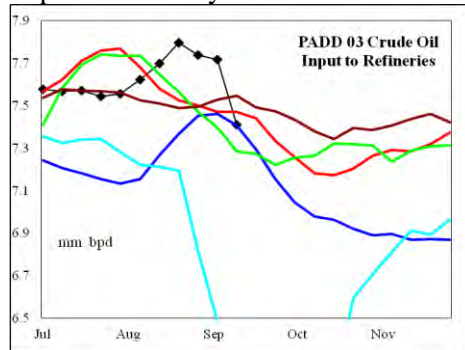
week +5.4 million barrels above the prior 5-year high.

Gasoline production decreased -12,000 bpd last week, with the level above four of the last 5-years. Stock levels remain at 5-year lows.

Distillate production decreased -40,000 bpd, to a level well below the mid range. Stocks increased +0.7 million barrels, although the level remains near historic low levels for the period.

Jet fuel production remains at a record high for the period. Stocks increased +0.7 million barrels to a record high level for this time of year.

PADD 3 refinery runs fell -570,000 bpd last week, due in part to precautionary run cuts ahead of tropical storm Lee. The latest 4-wk average thru put was +328,000 bpd above last year. Crude oil stocks decreased -7.7 million barrels on the week, driven by the shut in of offshore production and delayed receipt of imports caused by hurricane Lee.



Gasoline production increased +131,000 bpd on the week. Stocks increased +1 million barrels to a level that matched 5-year highs.

Distillate production declined -98,000 bpd on the week; with the latest 4-wk average +284,000 bpd above the previous record level. Stocks increased +0.8 million barrels on the week, with the level near record highs.

Jet fuel production decreased -58,000 bpd on the week, with the level at the mid range. Stocks fell -1.1 million barrels to a level below the mid range.

Residual fuel oil supplies fell -

102,000 bpd on the week, with production levels matching historic lows. Stocks decreased -1.6 million barrels last week, although the level remains near historic highs.

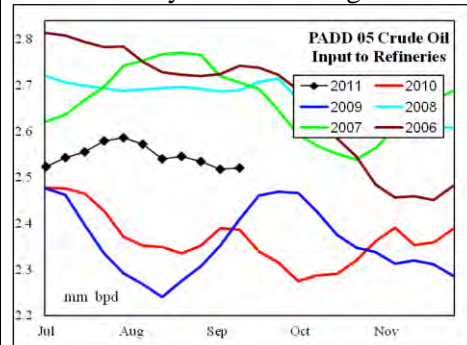
PADD 4 refinery crude runs fell -67,000 bpd last week as fall maintenance continued, driving runs to a record low level for the season. Light product yield % on crude oil runs were near record lows.

Gasoline production declined -16,000 bpd last week, to a new record low level for this time of year. Stocks declined -0.2 million barrels to a level near historic lows.

Distillate production fell -38,000 bpd last week, to a level below the historic range. Stock levels ended the week slightly above the mid range.

Jet fuel stocks increased +100,000 barrels last week, to a level near 5-year highs. Low production indicates receipts from the Midwest have increased.

PADD 5 crude oil refinery runs decreased -59,000 bpd on the week, with the level above the last 2-years. The latest 4-wk average thru put was +132,000 bpd above last year. Light product yield % on crude oil runs matched last years' record high.



Gasoline production was unchanged last week, with the latest 4-wk average +146,000 bpd above last year and near the 5-year high. Stocks increased +0.6 million barrels on the week, to a level above two of the last 3-years.

Distillate production was nearly unchanged last week, with the level slightly above 2009 and 2010. Stocks jumped +1.2 million barrels, to a level above the 5-year range.

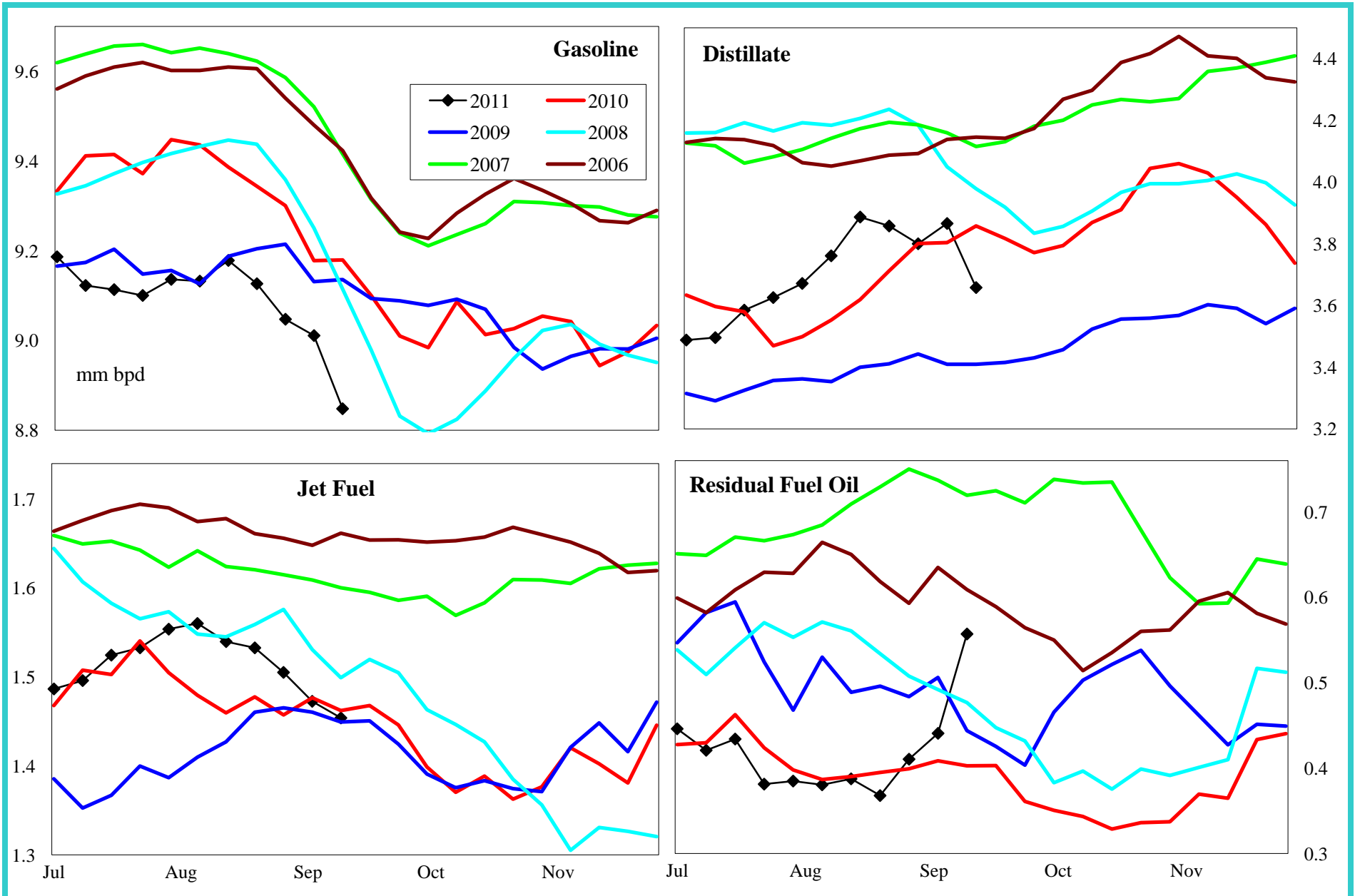


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	9-Sep-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-6,704	34	-229	-7,748	821	417
	Imports	5	252	10	-115	-83	-85
	Input	-426	284	-13	-570	-67	-59
	% Utilization	-2.00					
Gasoline	Stocks	1,940	727	-204	970	-155	601
	Production	195	10	-12	131	-16	-1
	Imports	62	68	-1	10	0	-14
	Supplied	-108					
Distillate	Stocks	1,711	-1,016	710	758	10	1,249
	Production	-54	117	-40	-98	-38	6
	Imports	2	10	1	0	-9	-1
	Supplied	-195					
Jet Fuel	Stocks	-98	195	727	-1,132	98	15
	Production	-65	-3	9	-58	-3	-9
	Imports	-11	-8	0	0	0	-3
	Supplied	-48					
Residual Fuel Oil	Stocks	-2,042	-785	193	-1,649	6	193
	Production	-111	-2	4	-102	-3	-10
	Imports	110	58	-1	0	0	52
	Supplied	176					

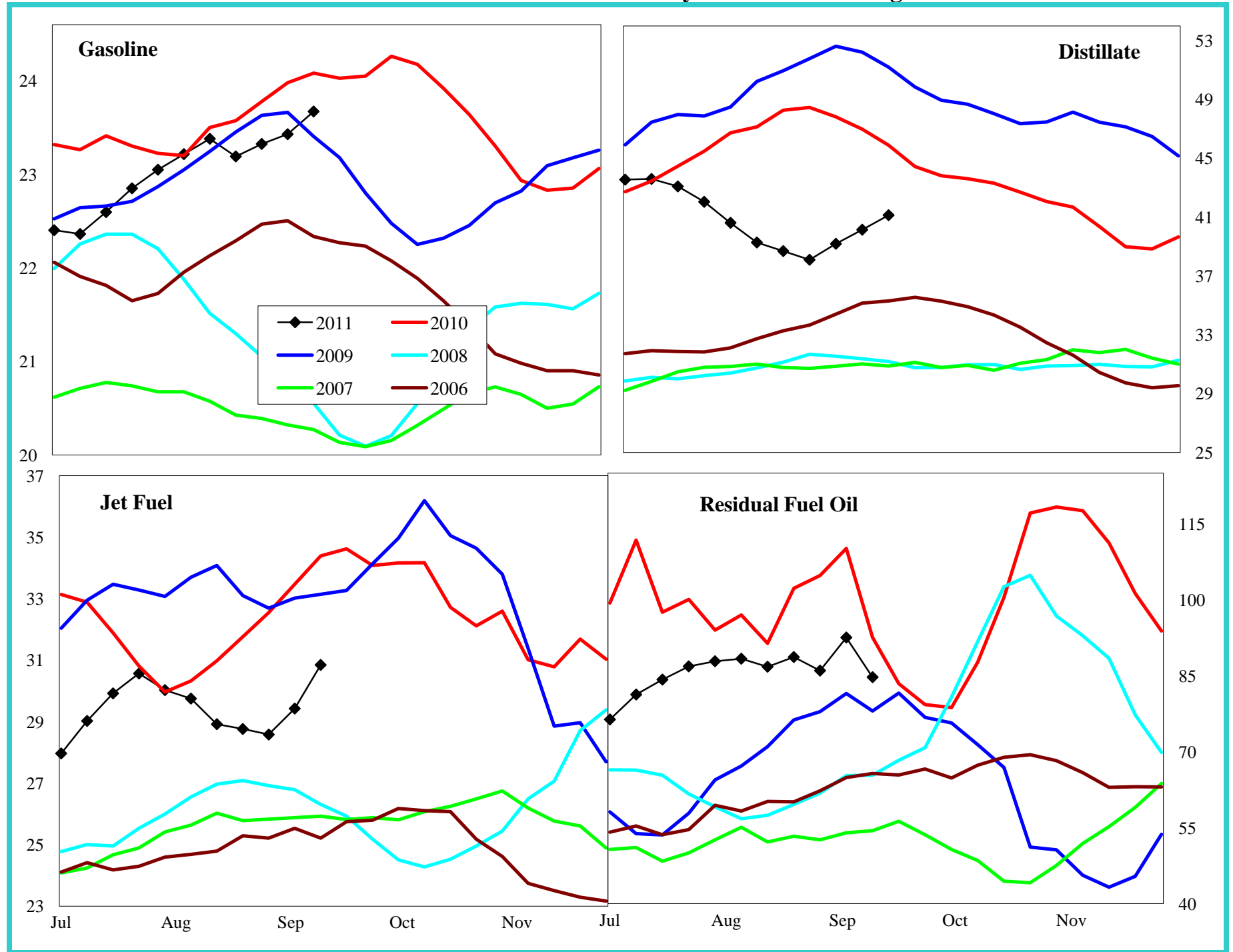
United States Wholesale Petroleum Demand



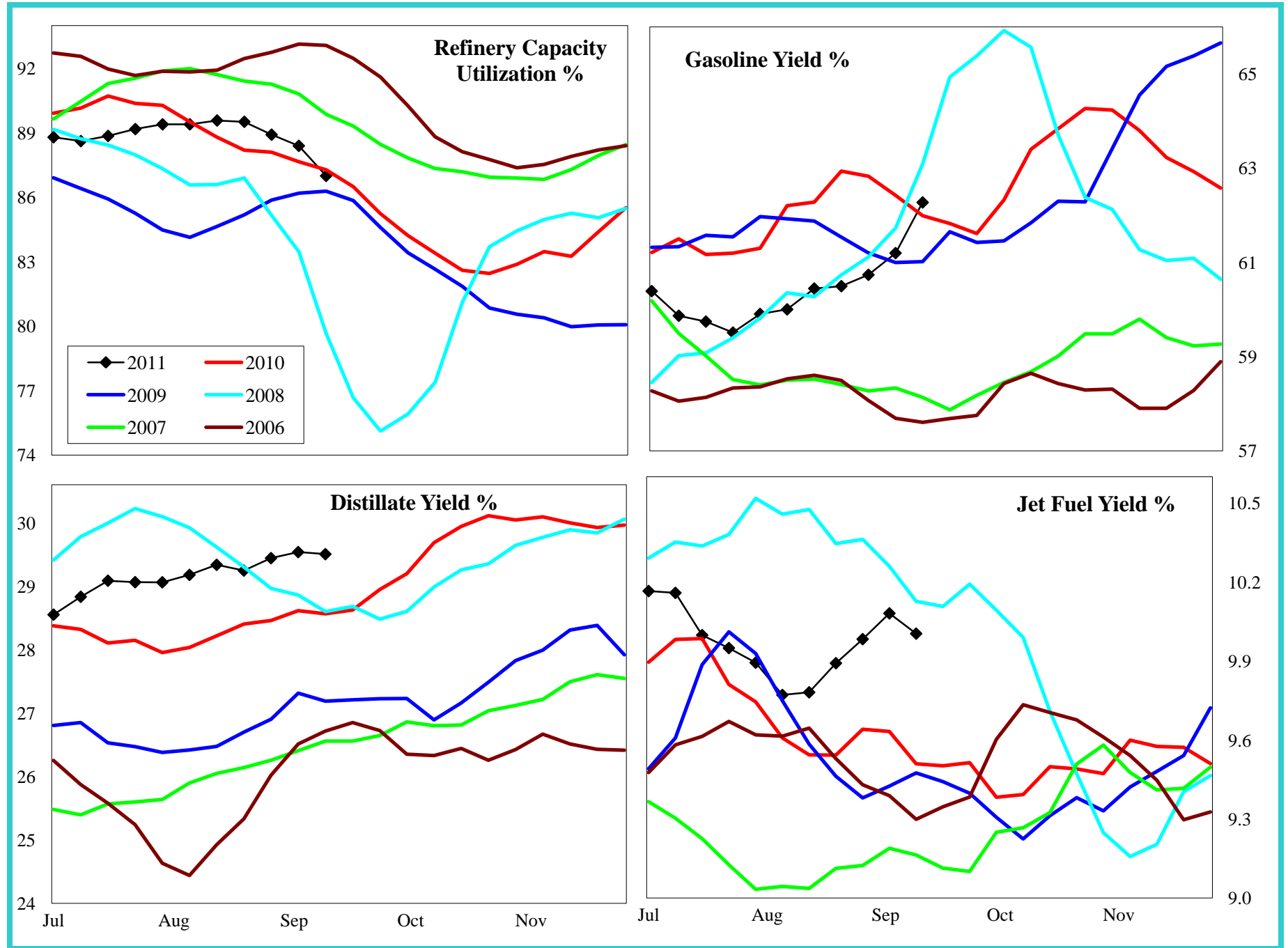
	000 bpd change from prior year				% change from prior year			
	4wk avg	Aug	Jan	Jun	4wk avg	Aug	Jul	Jun
Gasoline	-250	-158	-236	-265	-2.7	-1.7	-2.5	-2.8
Distillate	30	6	2	160	0.8	0.2	0.1	4.3
Jet Fuel	36	32	24	2	2.5	2.2	1.6	0.1
Resid	11	-62	-164	-29	2.5	-13.0	-27.6	-5.8



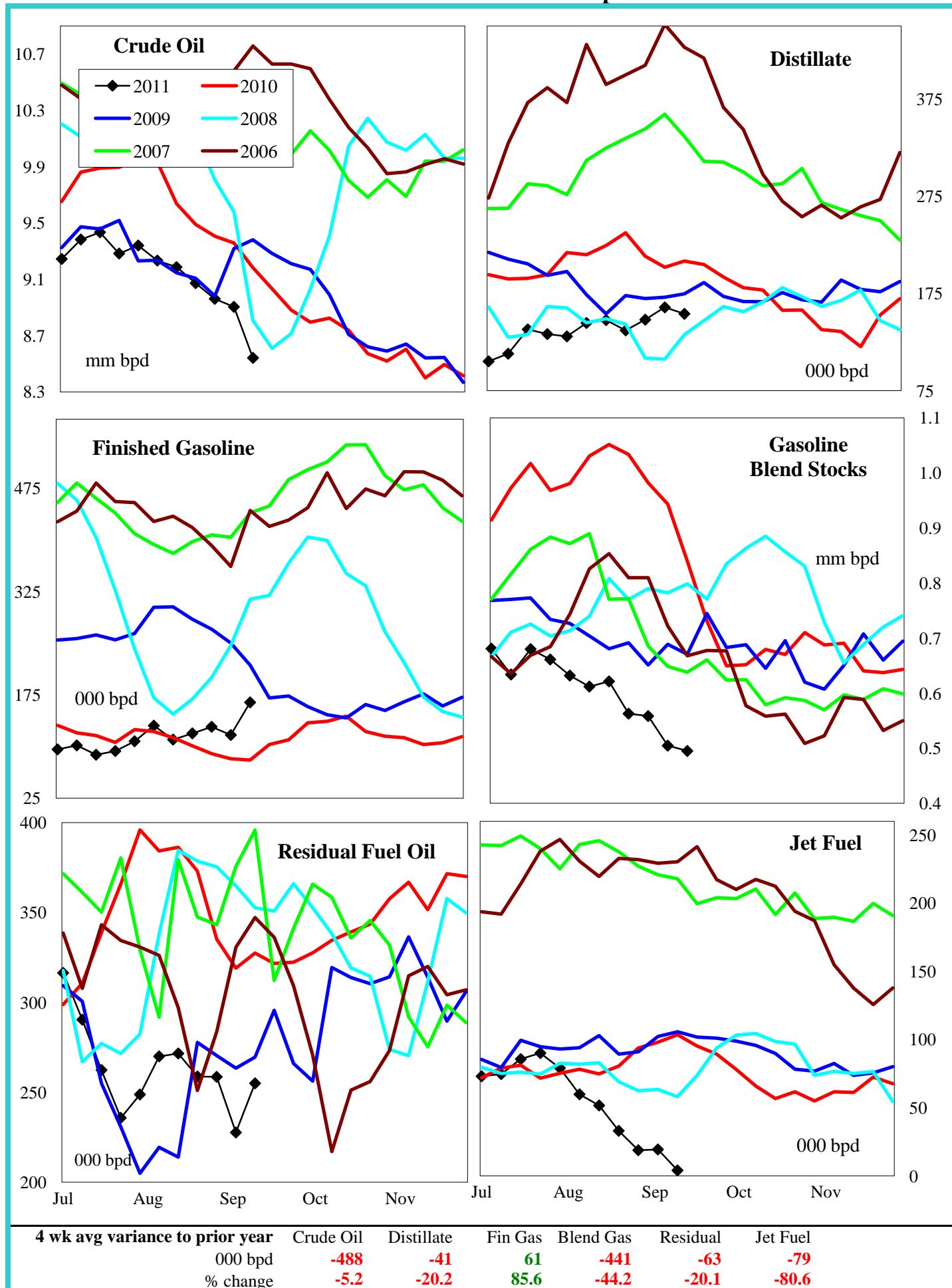
United States Product Stocks: Days Forward Coverage



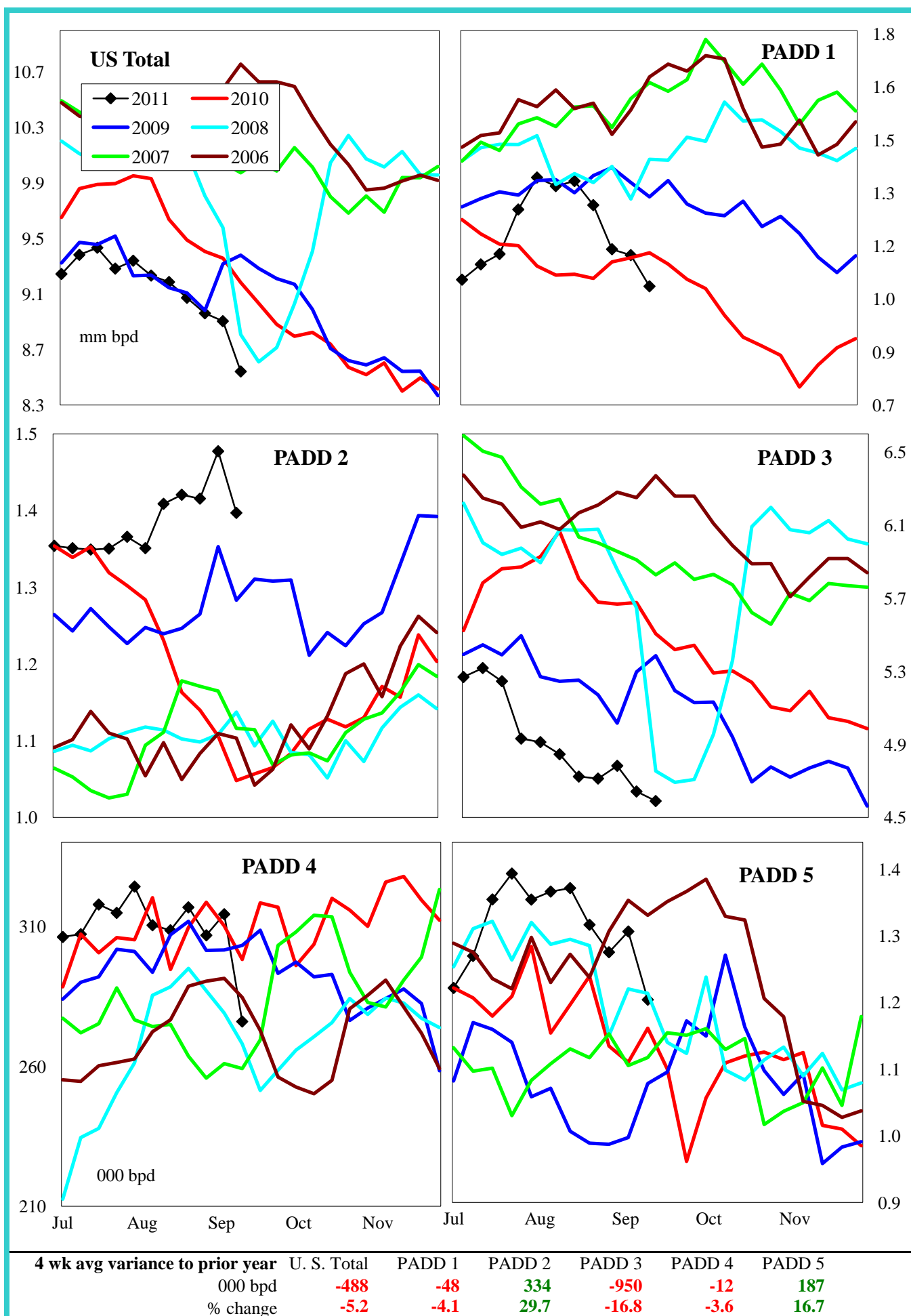
United States Refinery Percent Utilization Rate and Product Yields



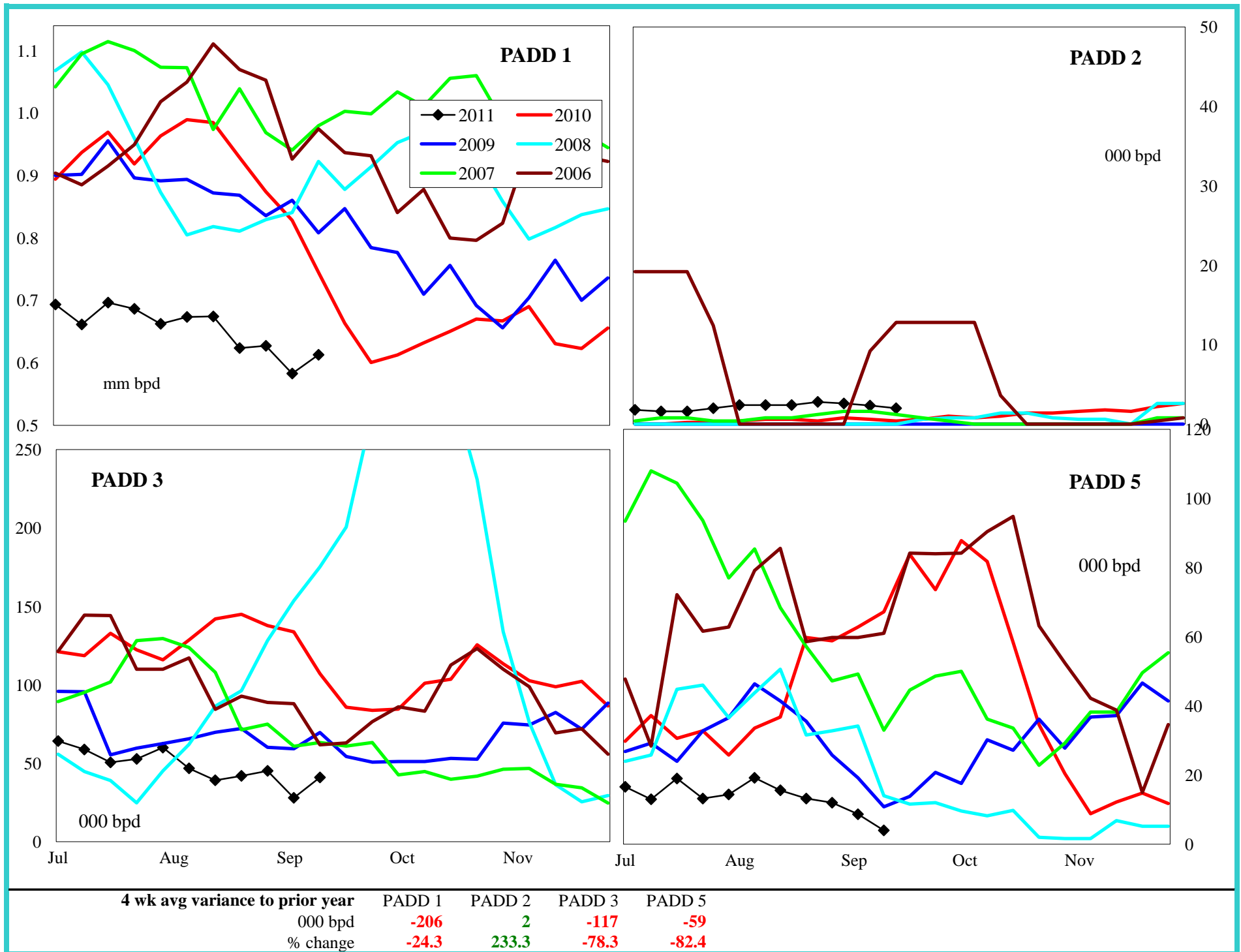
United States Petroleum Imports



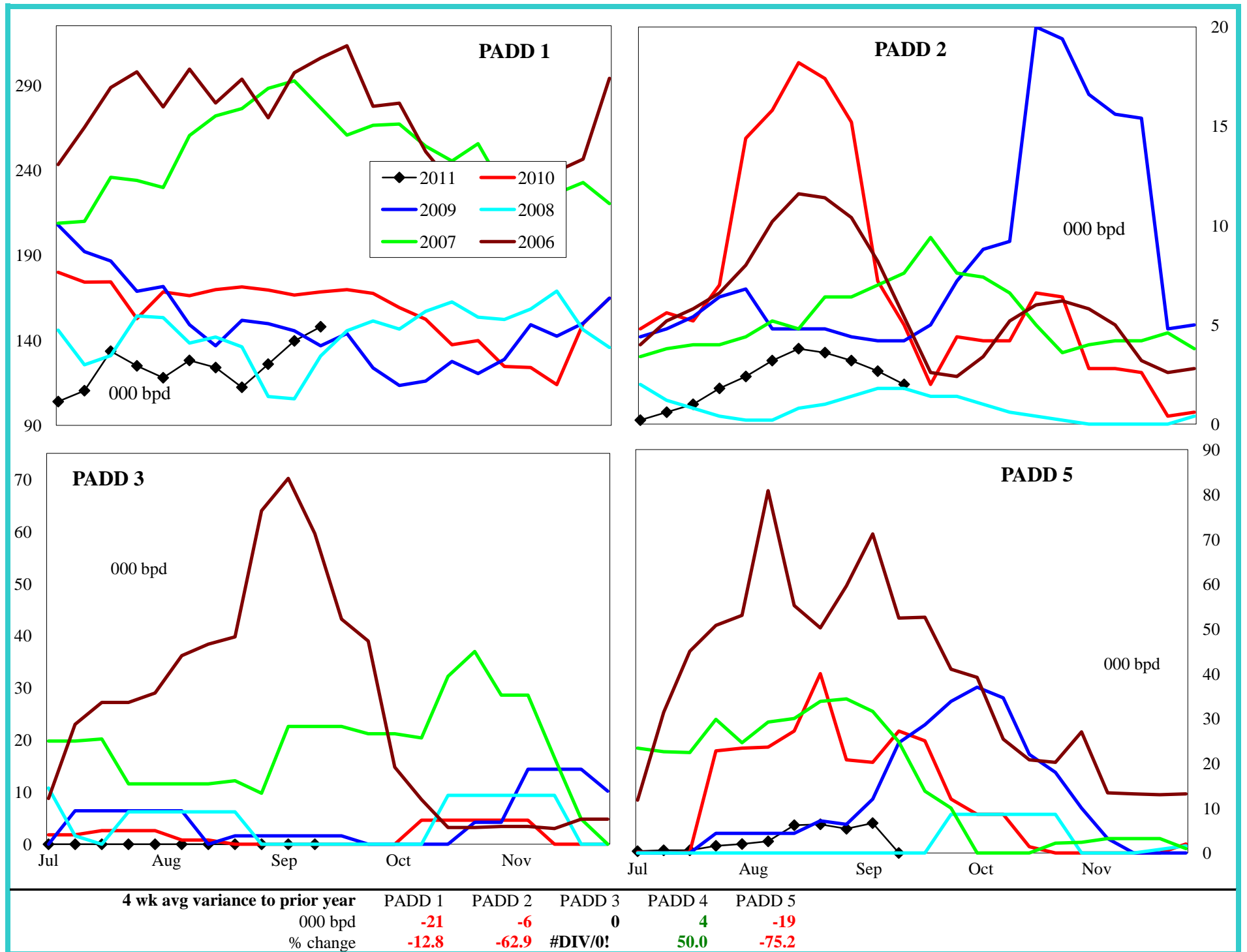
Crude Oil Imports by PADD



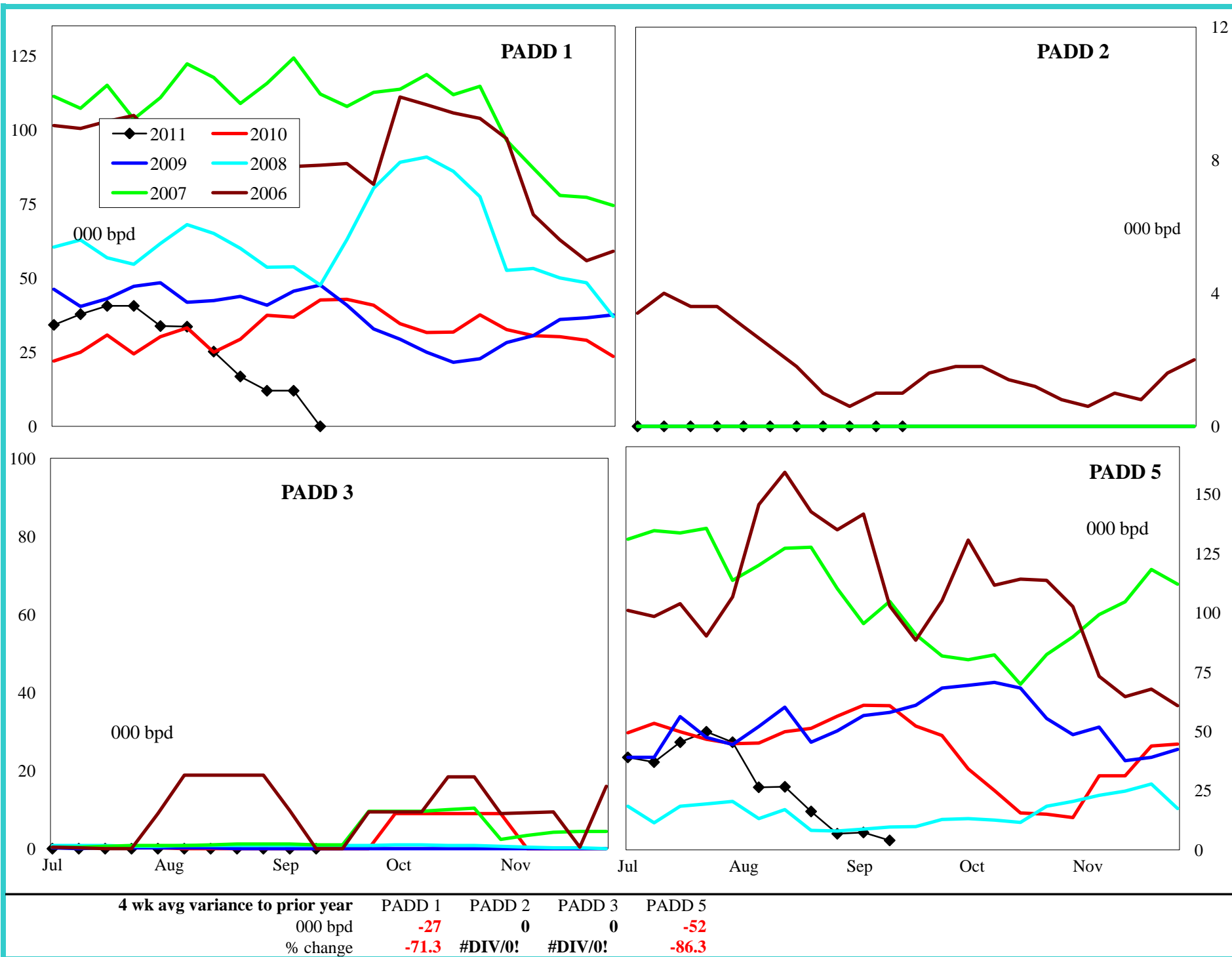
Gasoline Imports by PADD (Finished + Blend Stocks)



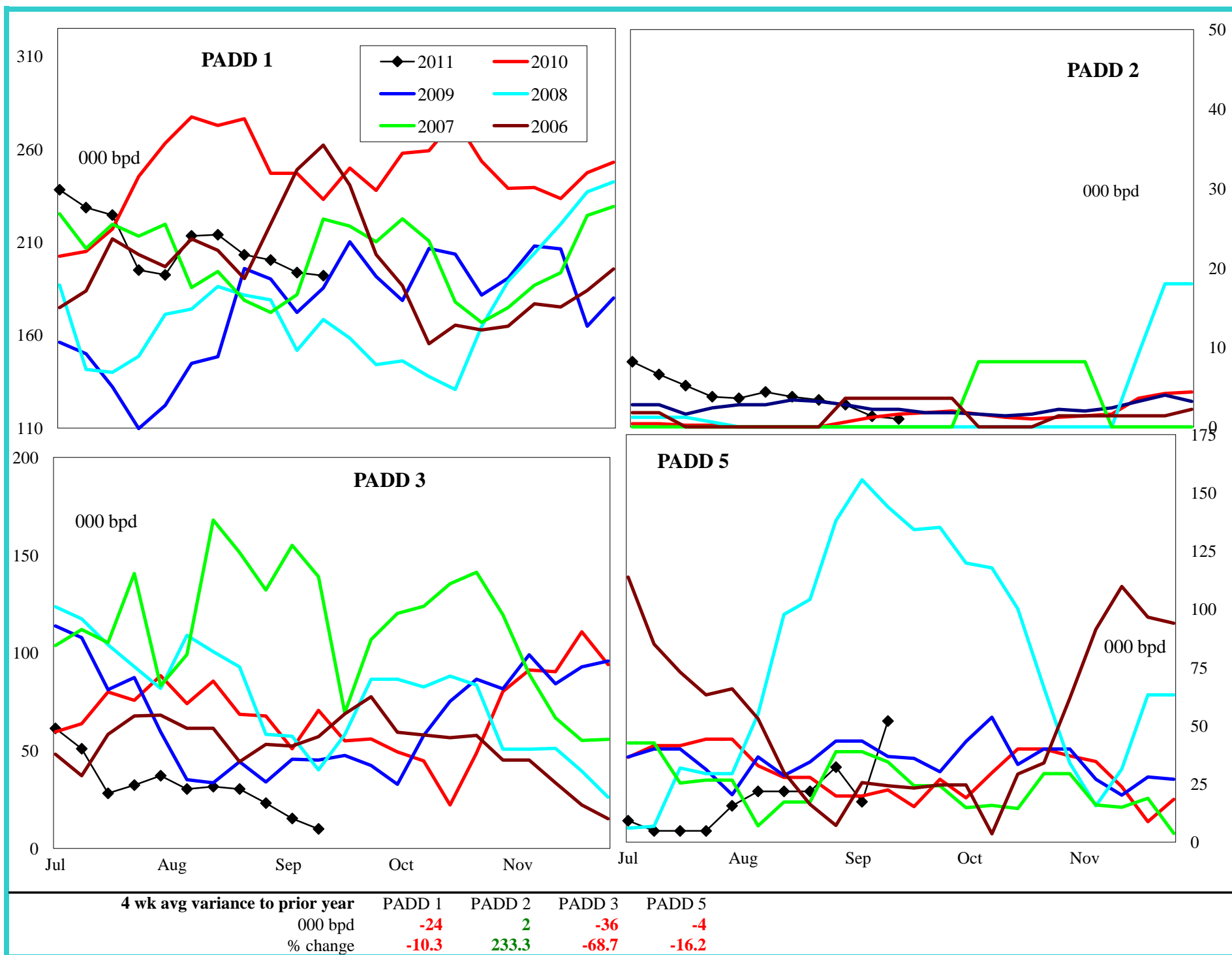
Distillate Imports by PADD



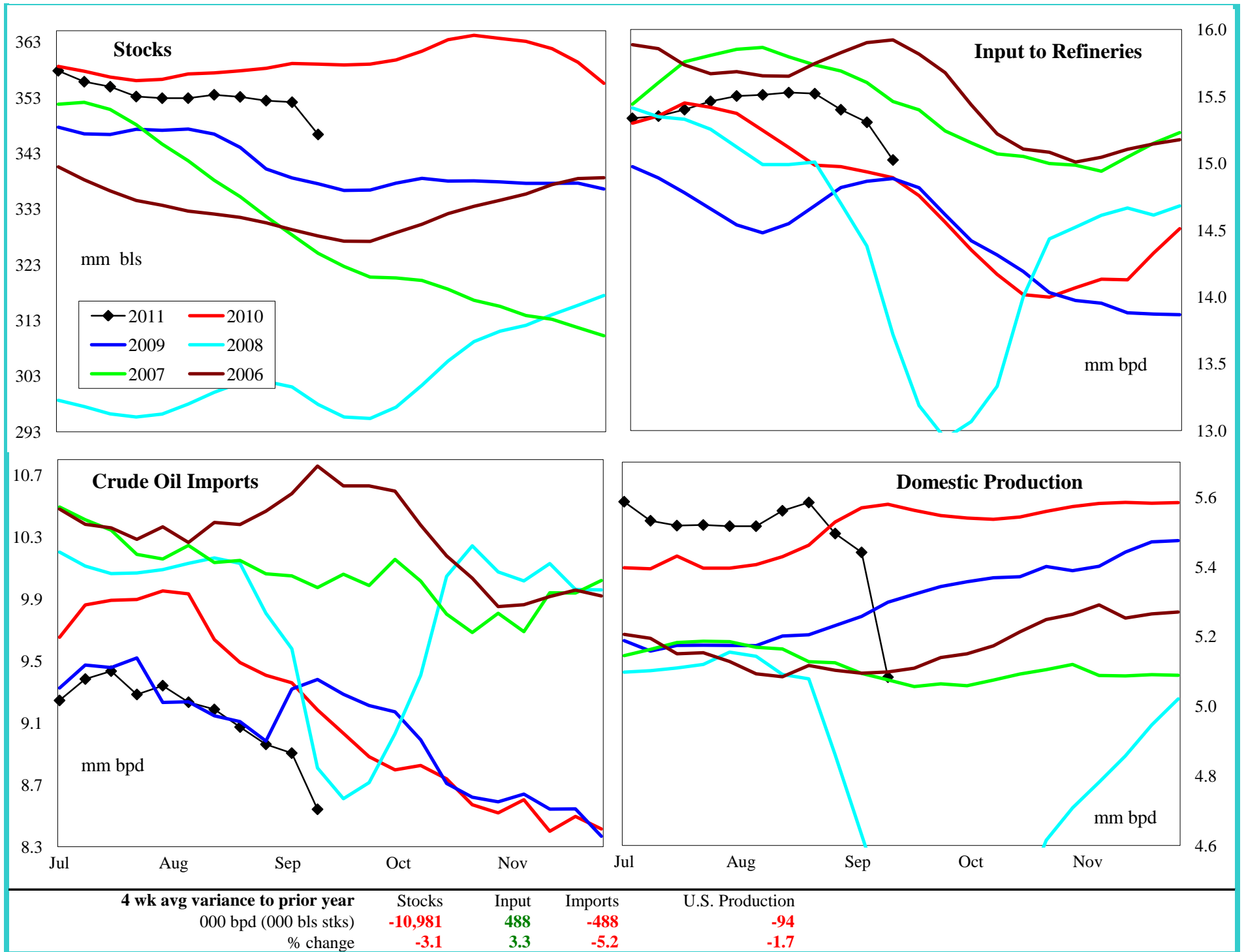
Jet Fuel Imports by PADD



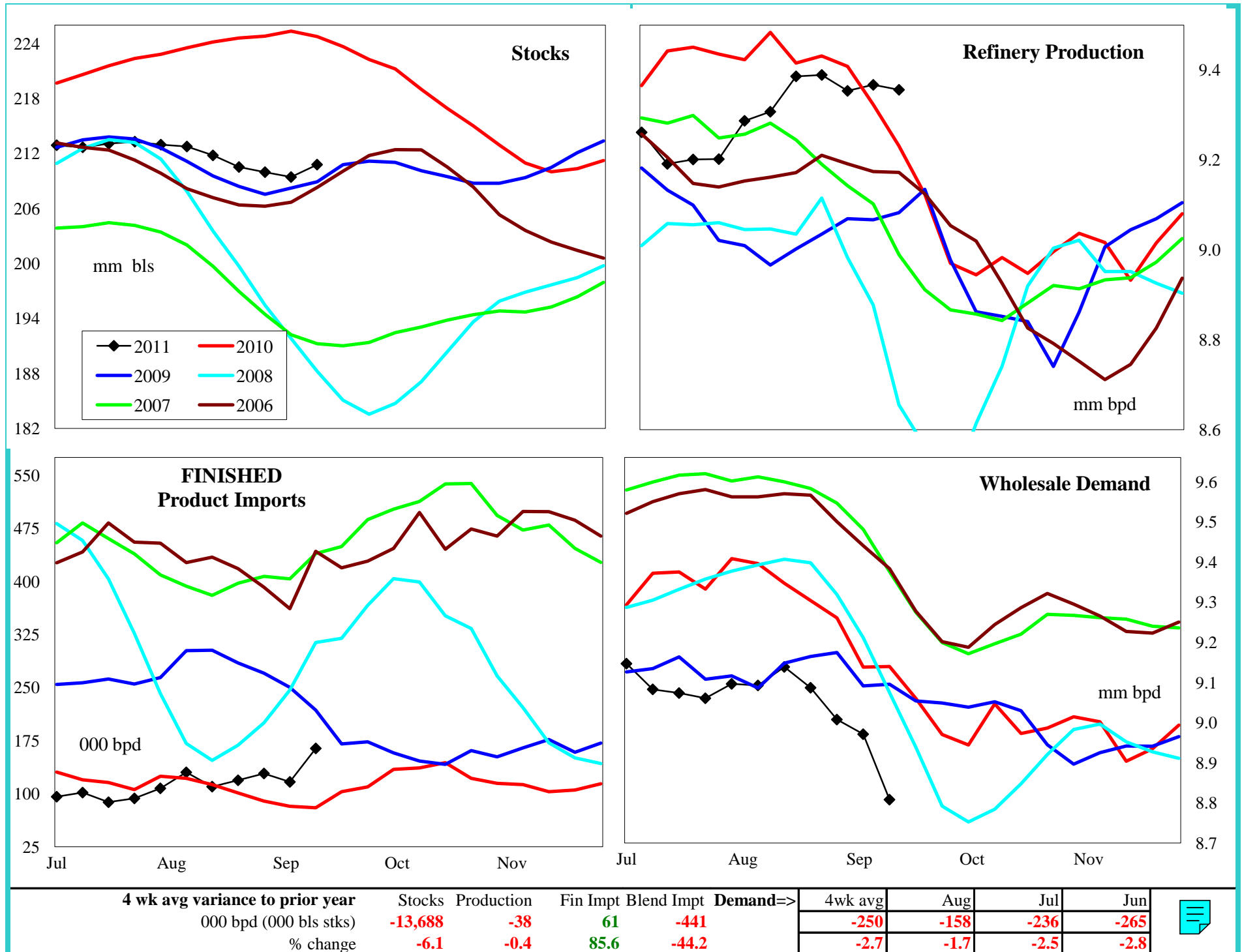
Residual Fuel Oil Imports by PADD



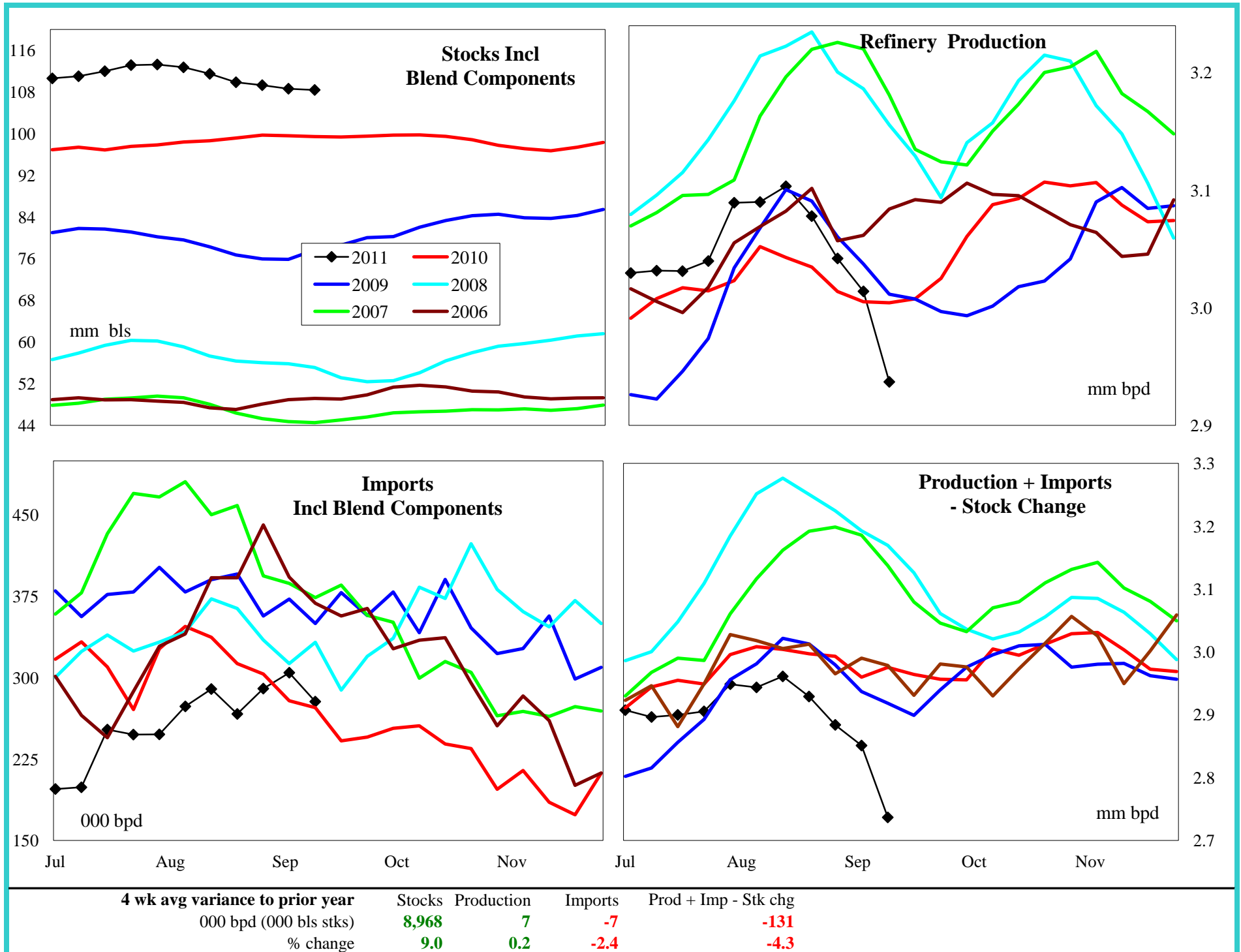
United States Crude Oil Supply and Demand Balance



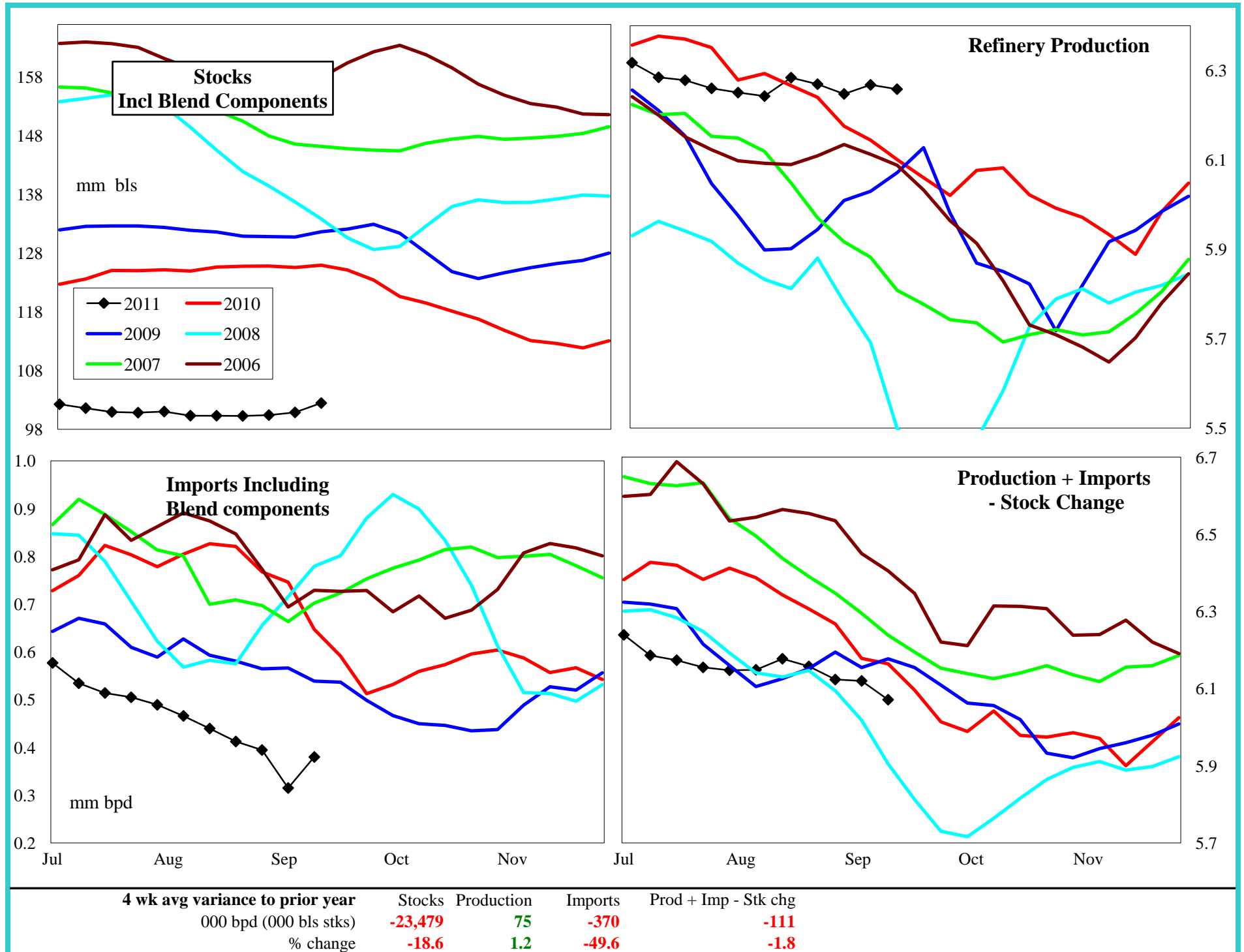
United States Gasoline Supply and Demand Balance



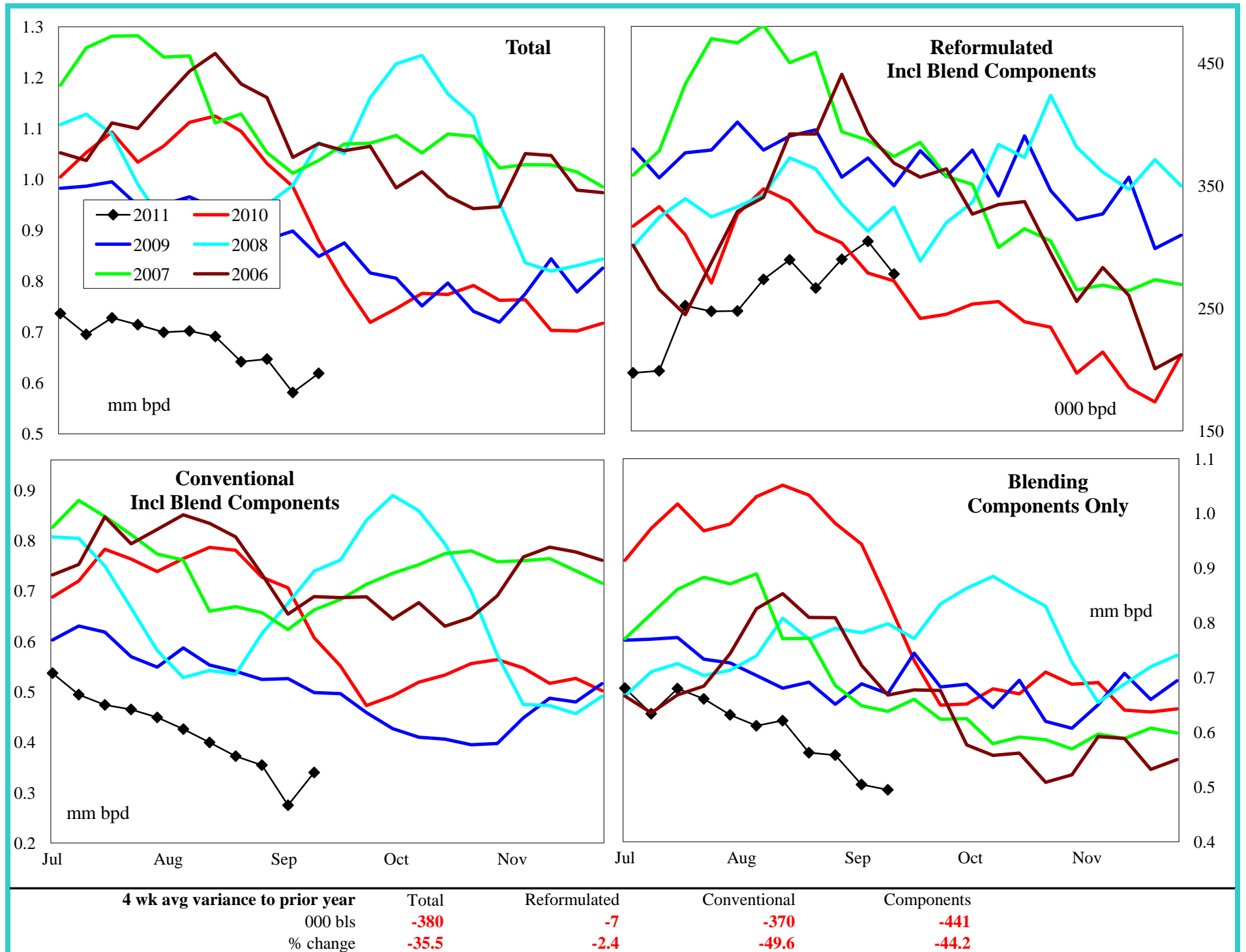
United States Reformulated Gasoline Supply



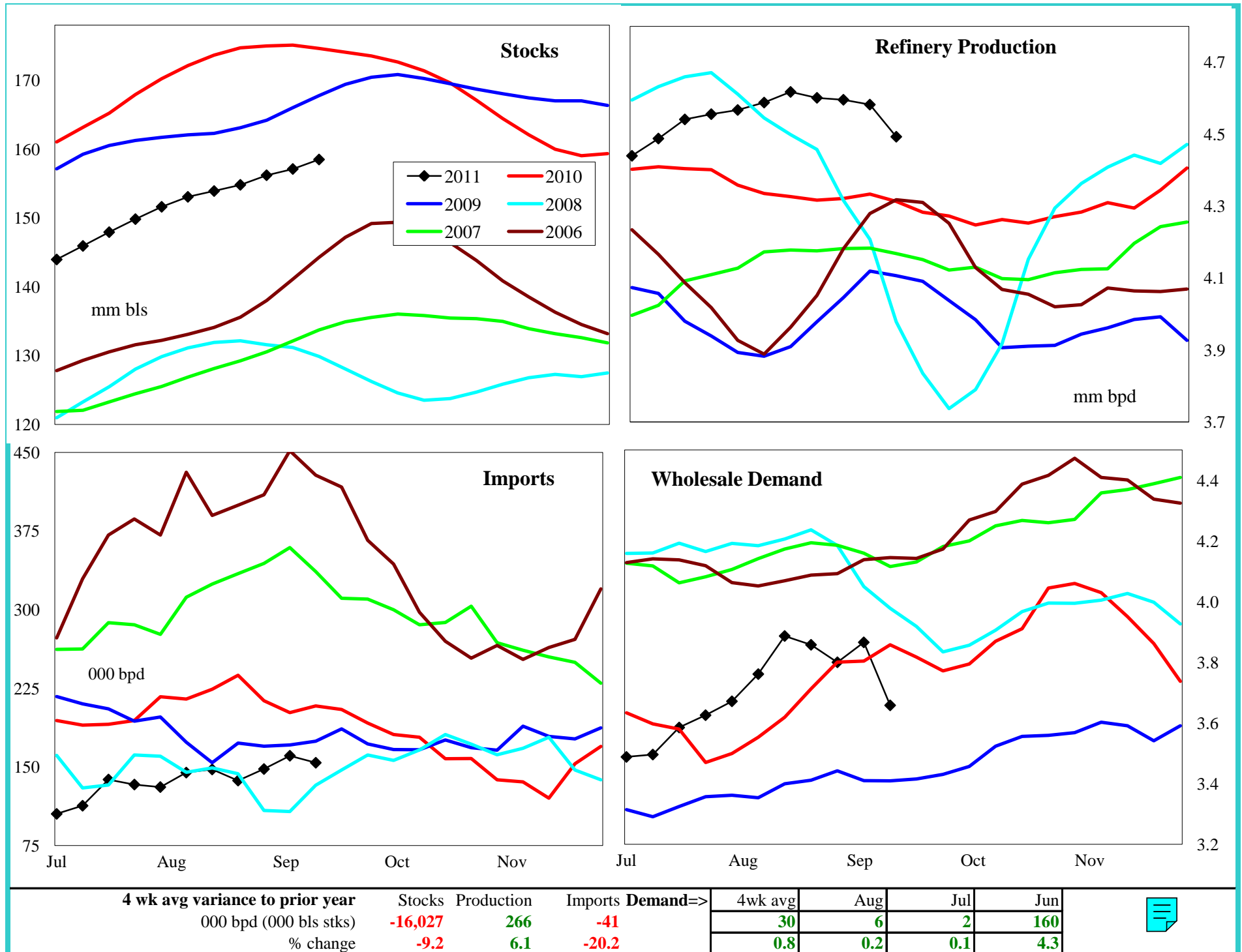
United States Conventional Gasoline Supply



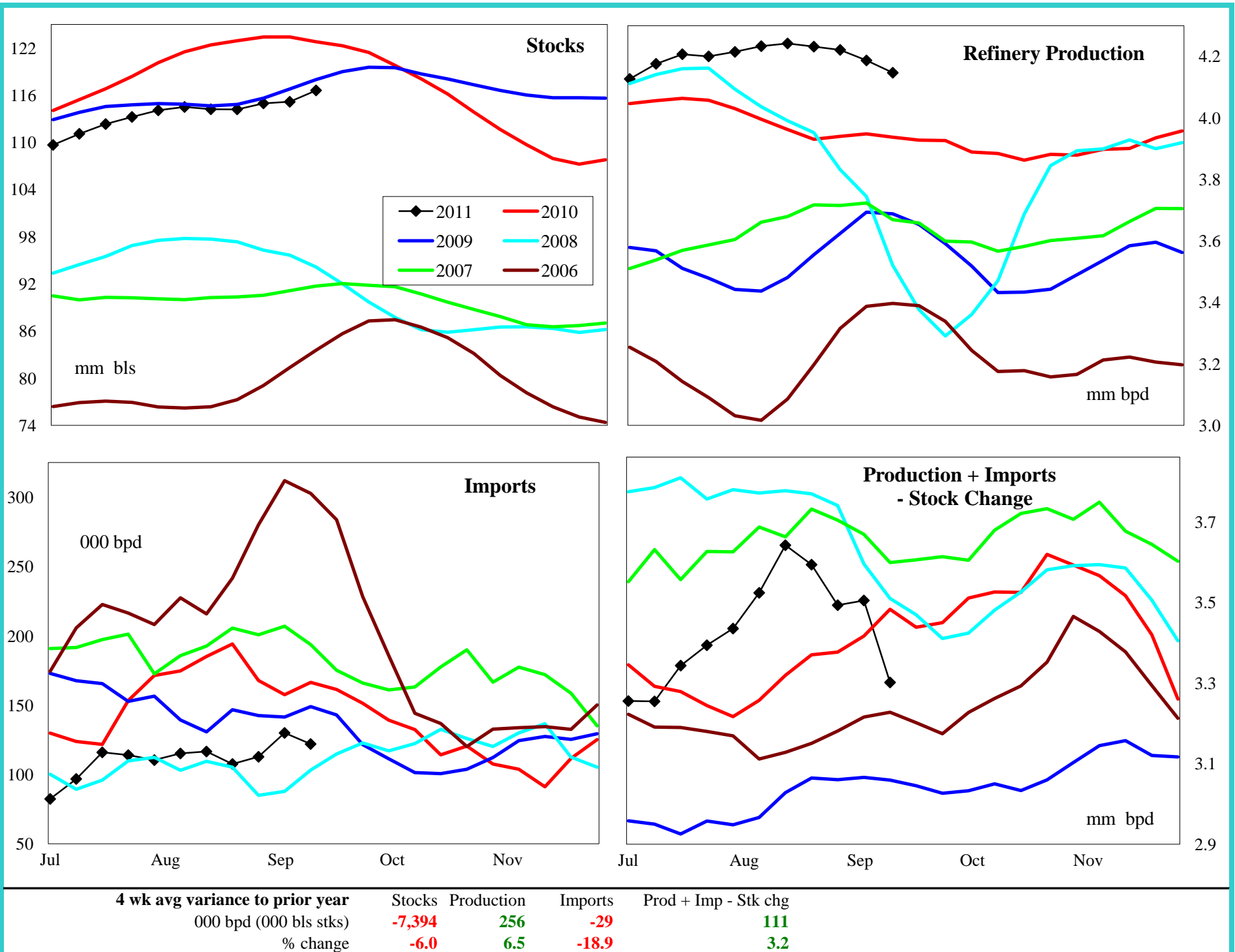
United States Gasoline Imports by Type



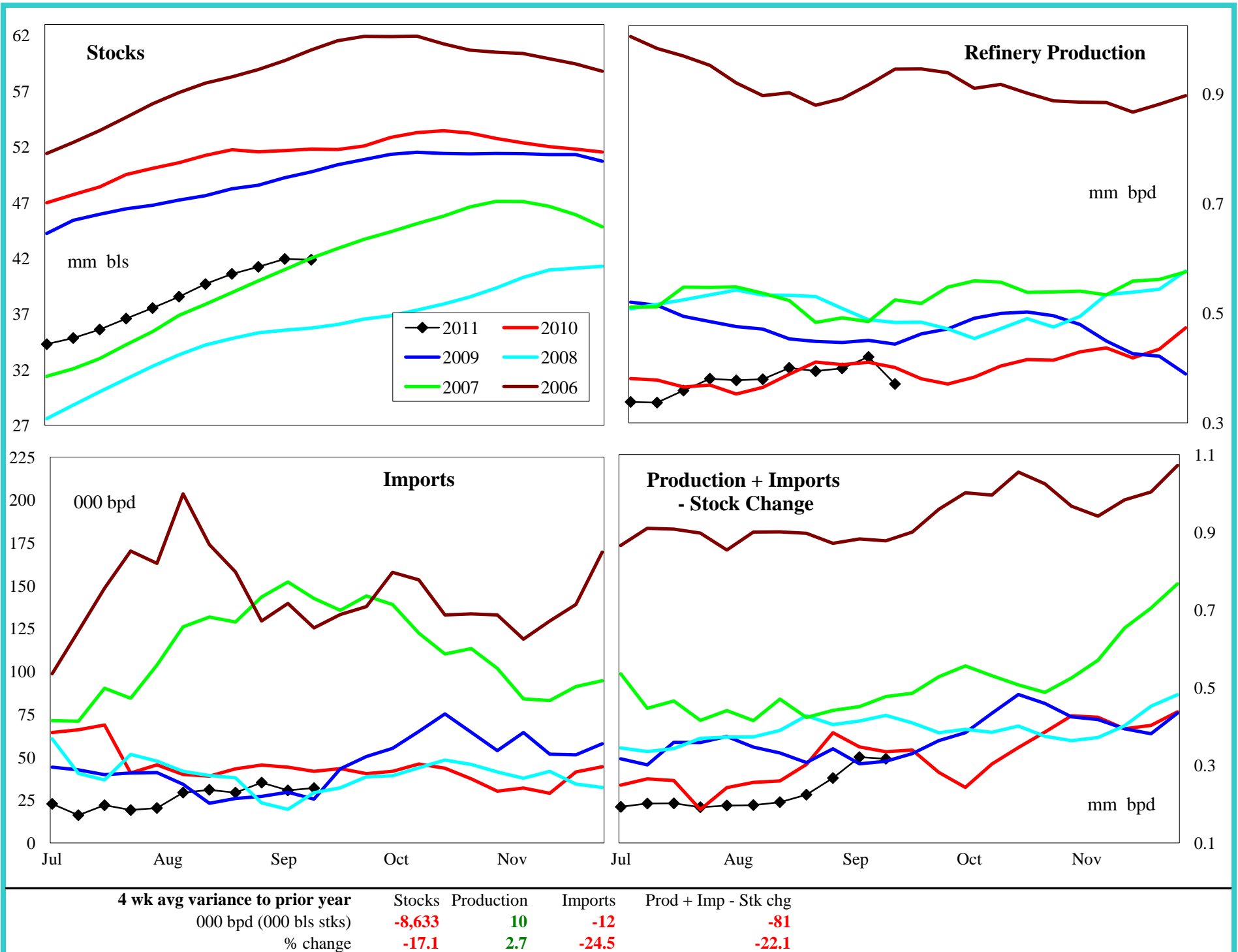
United States Distillate Supply and Demand Balance



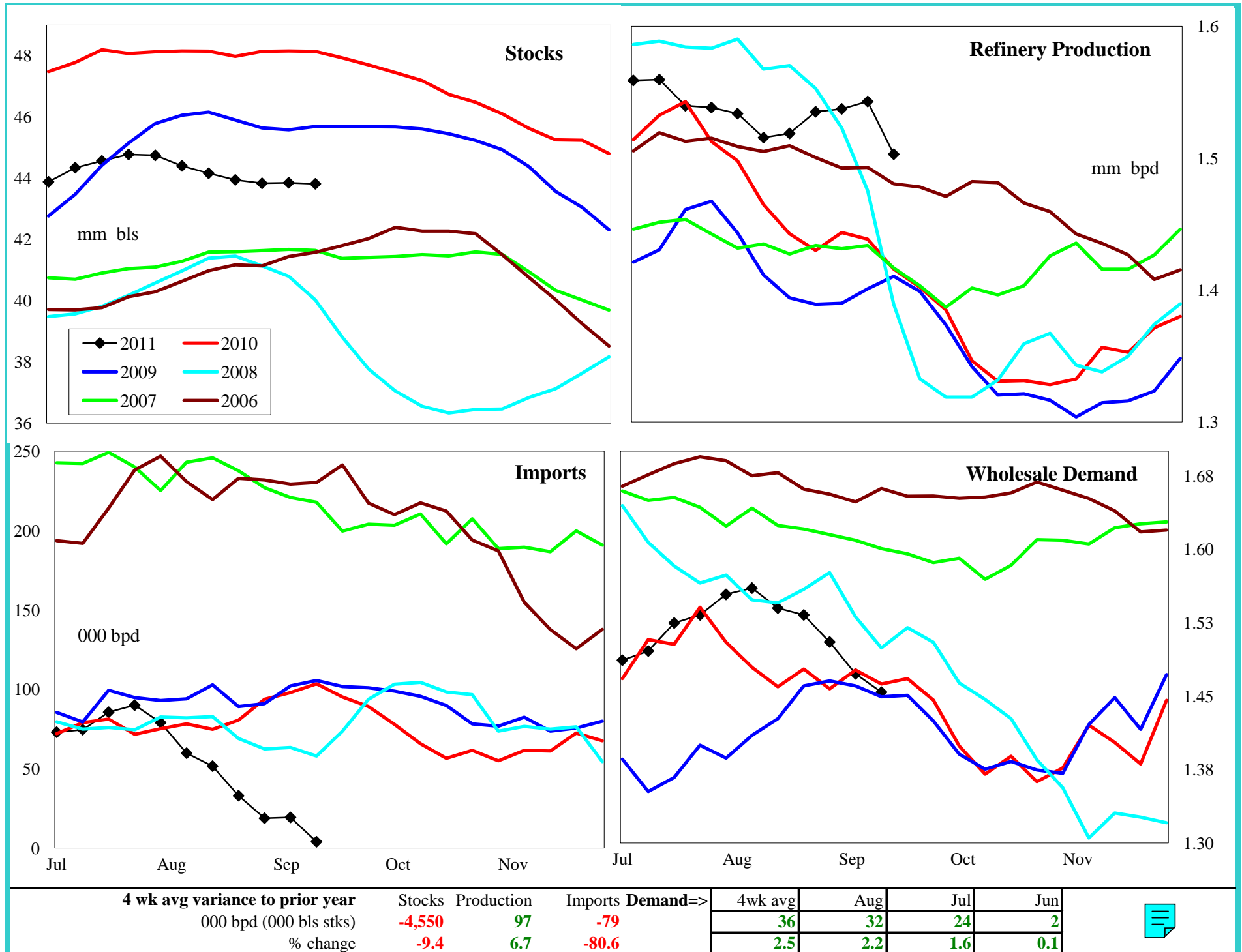
United States Low Sulfur Distillate Supply



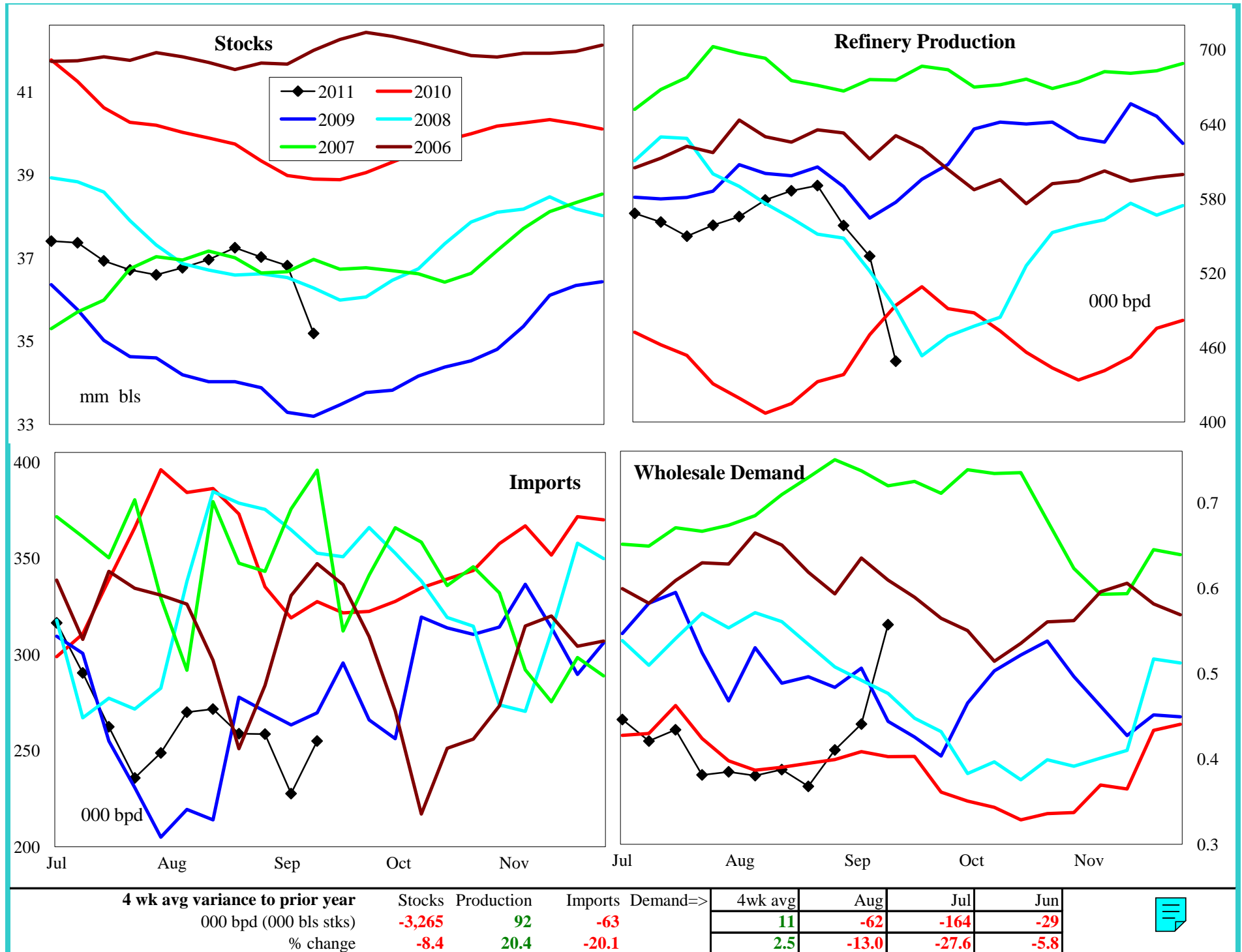
United States High Sulfur Distillate Supply



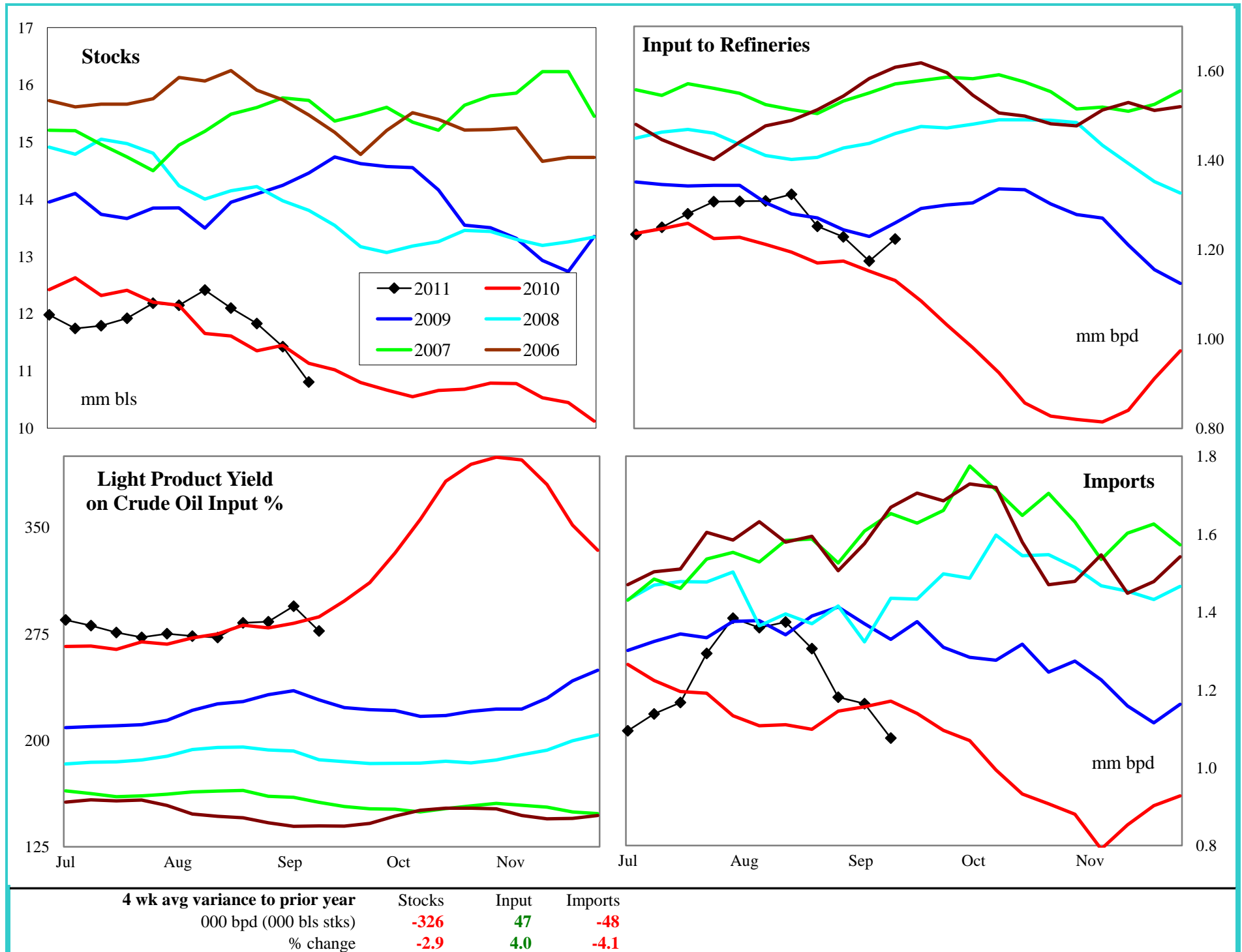
United States Jet Fuel Supply and Demand Balance



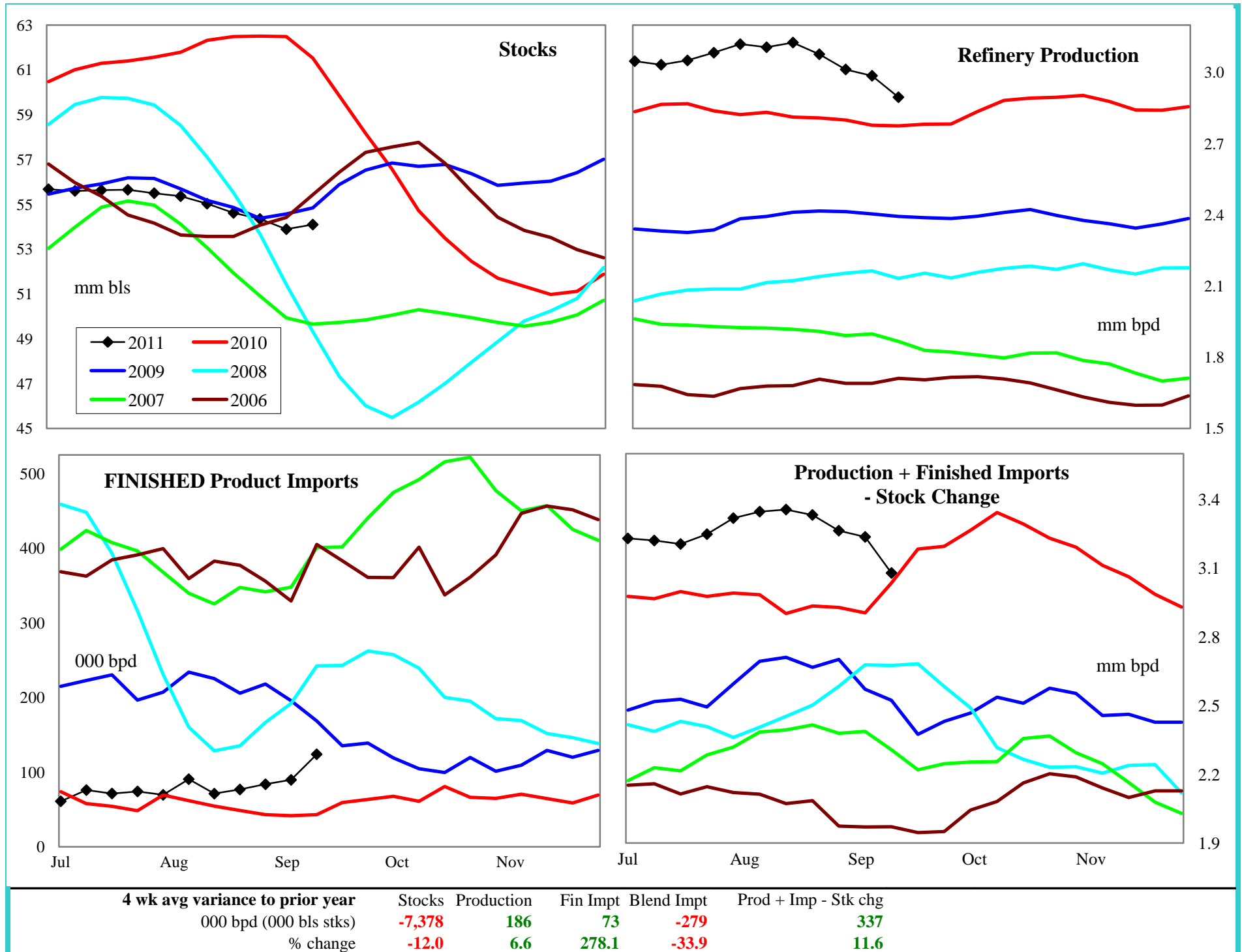
United States Residual Fuel Oil Supply and Demand Balance



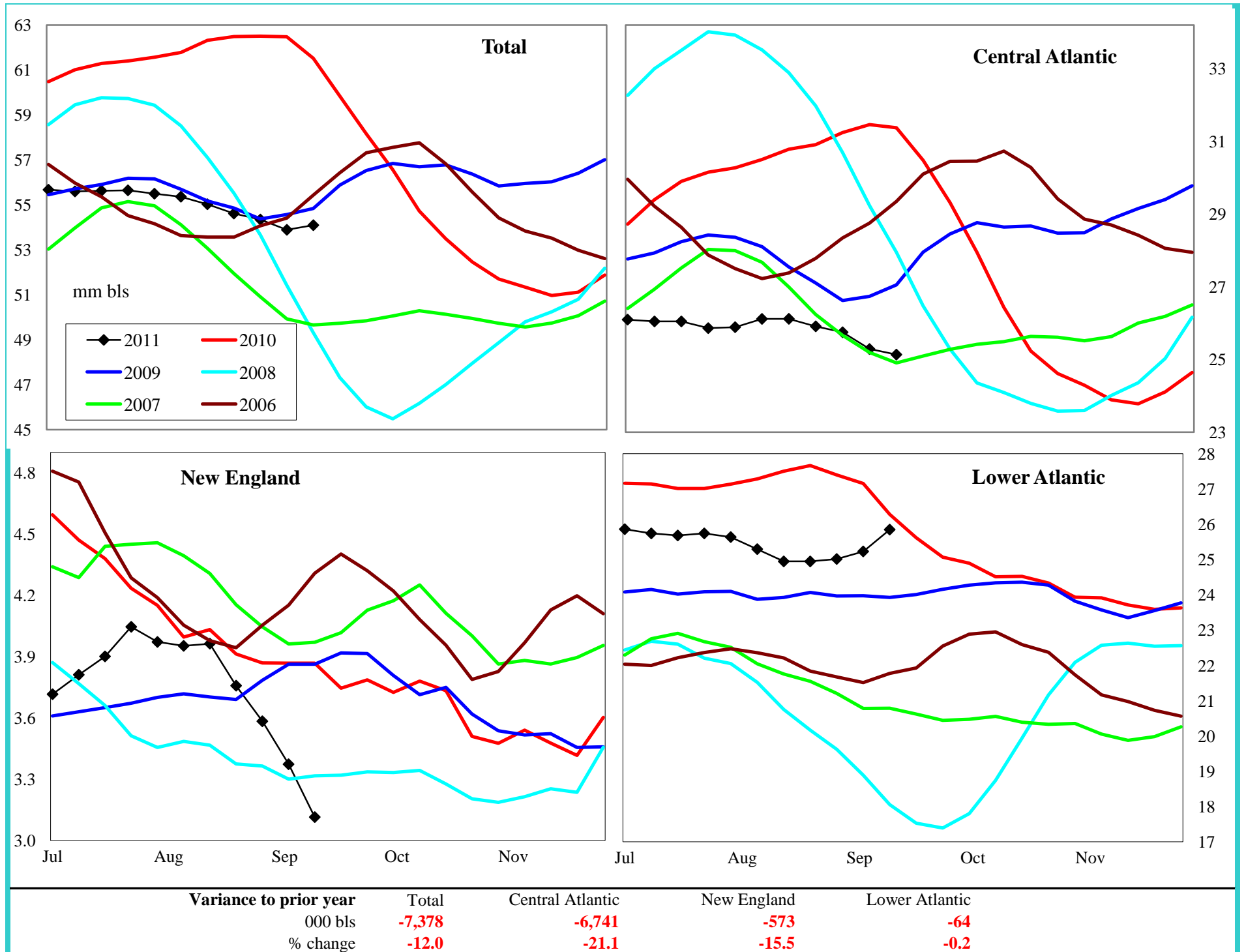
PADD 1 Crude Oil Supply and Refining



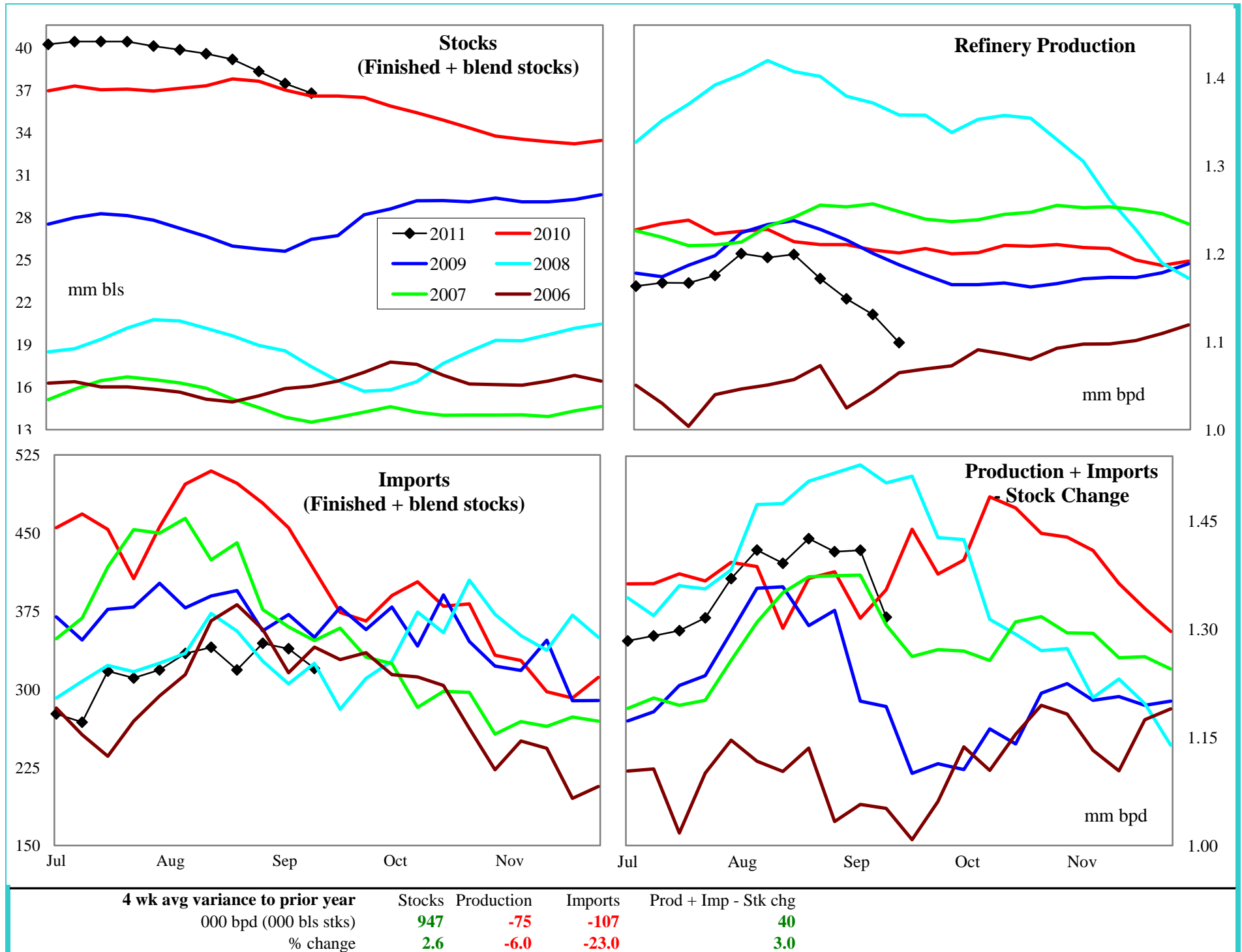
PADD 1 Gasoline Supply



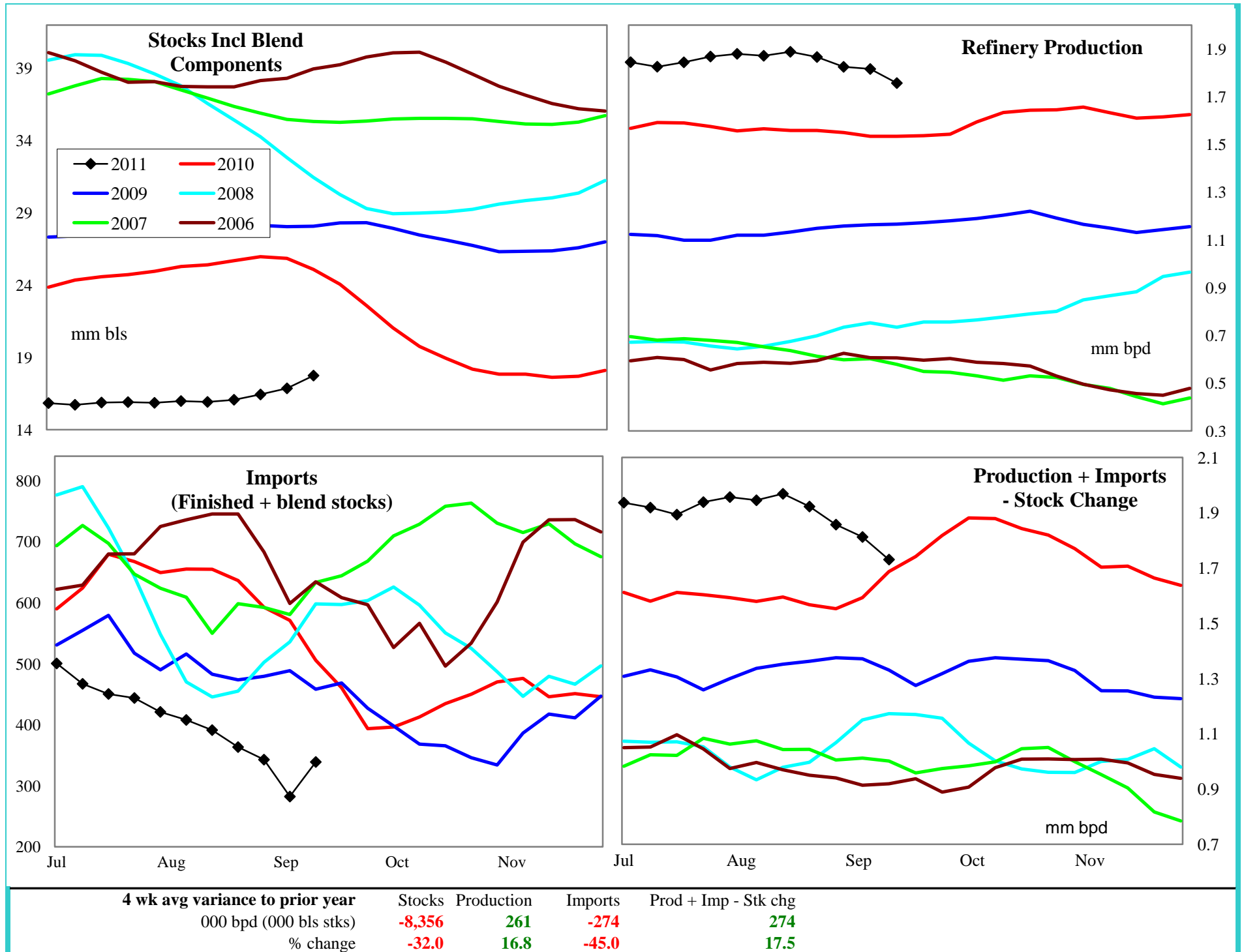
PADD 1 Gasoline Stocks by Region



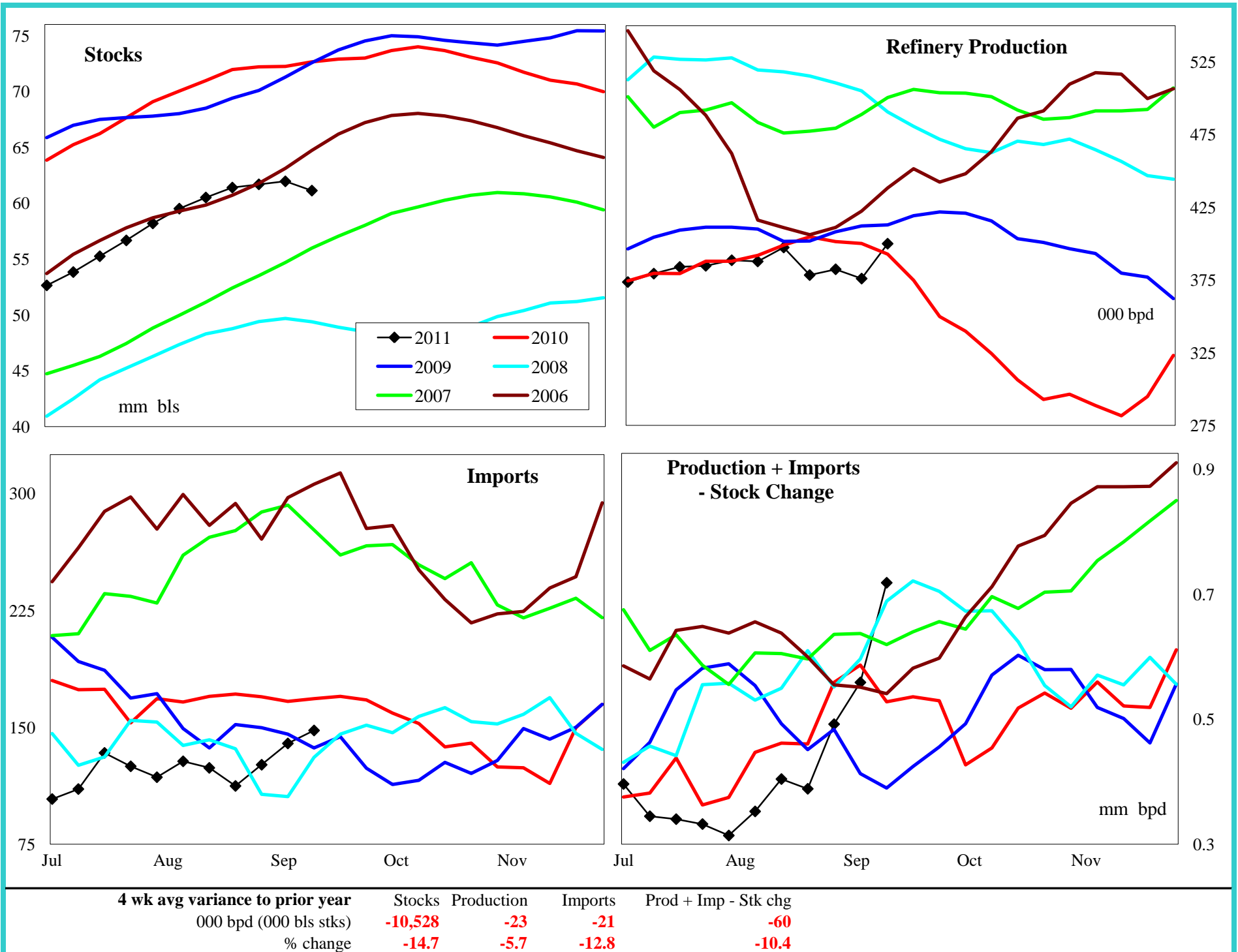
PADD 1 Reformulated Gasoline Supply



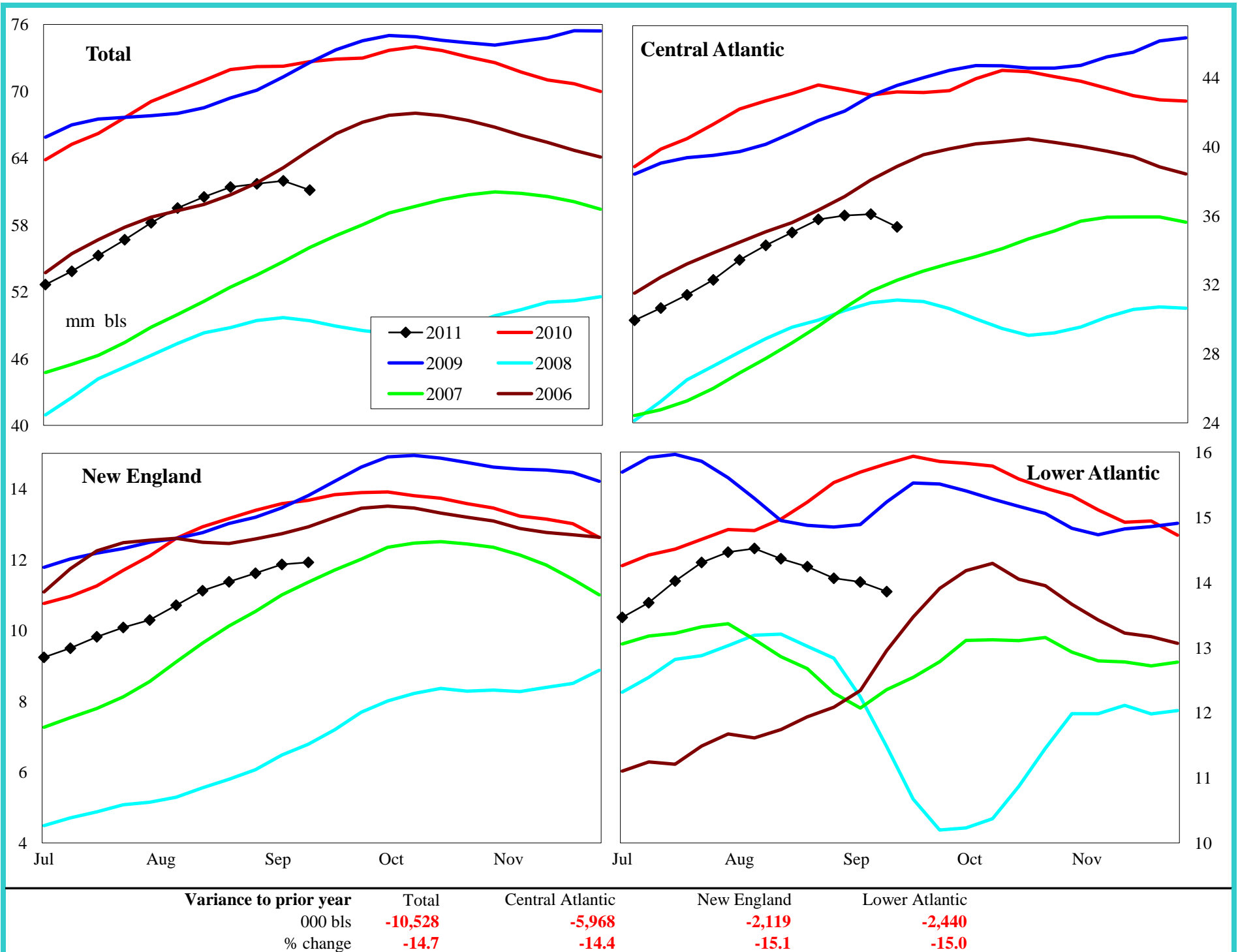
PADD 1 Conventional Gasoline Supply



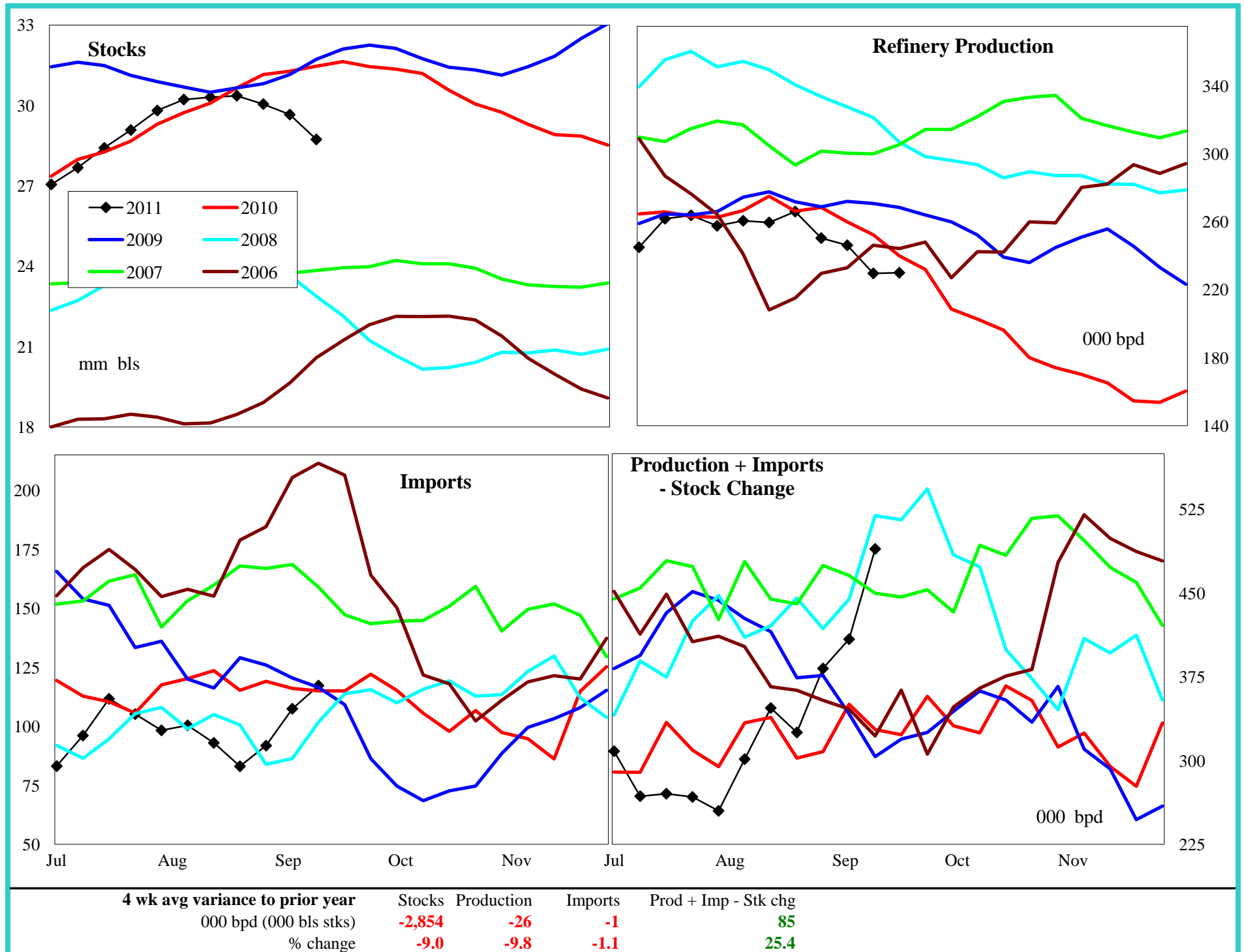
PADD 1 Distillate Supply



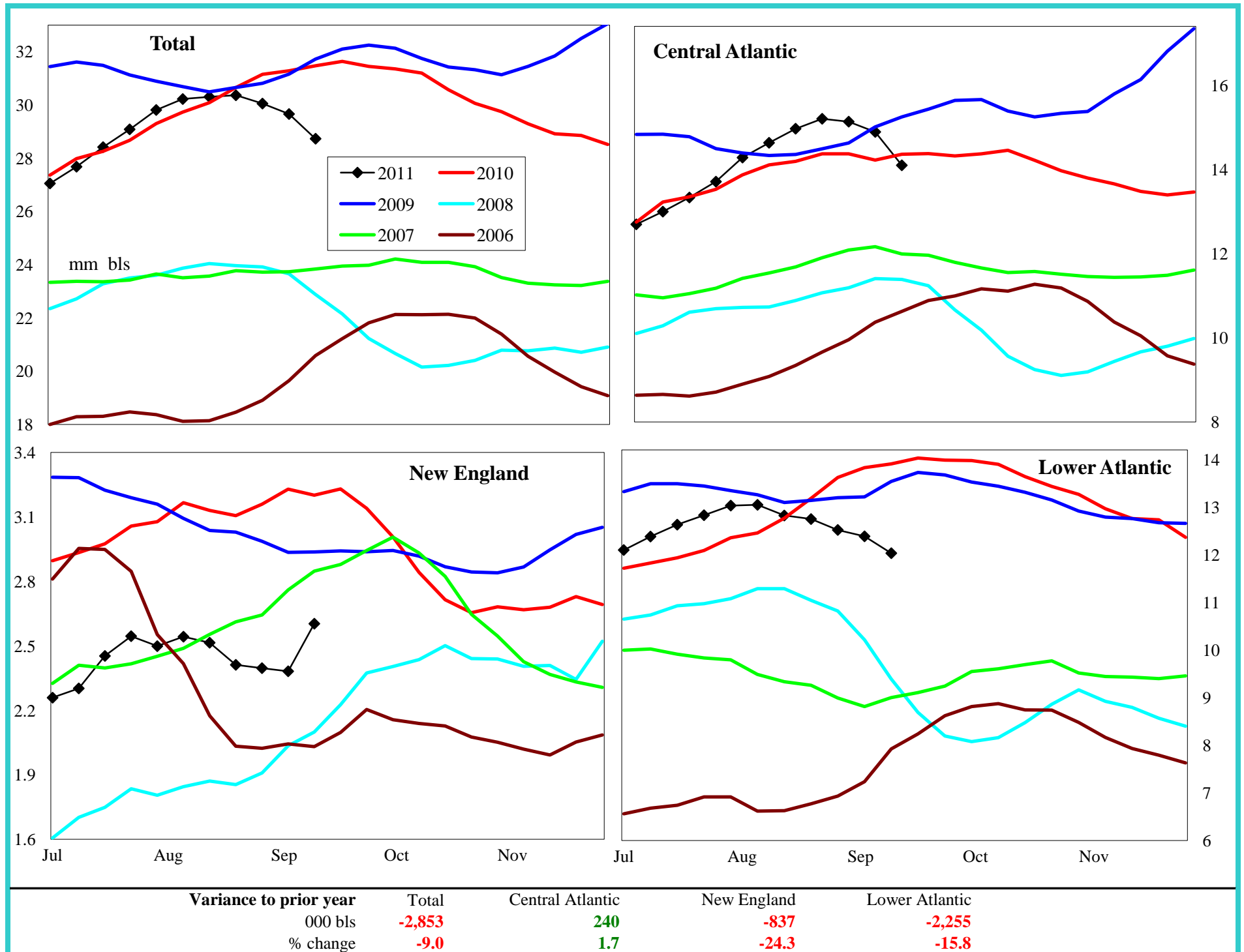
PADD 1 Distillate Stocks by Region



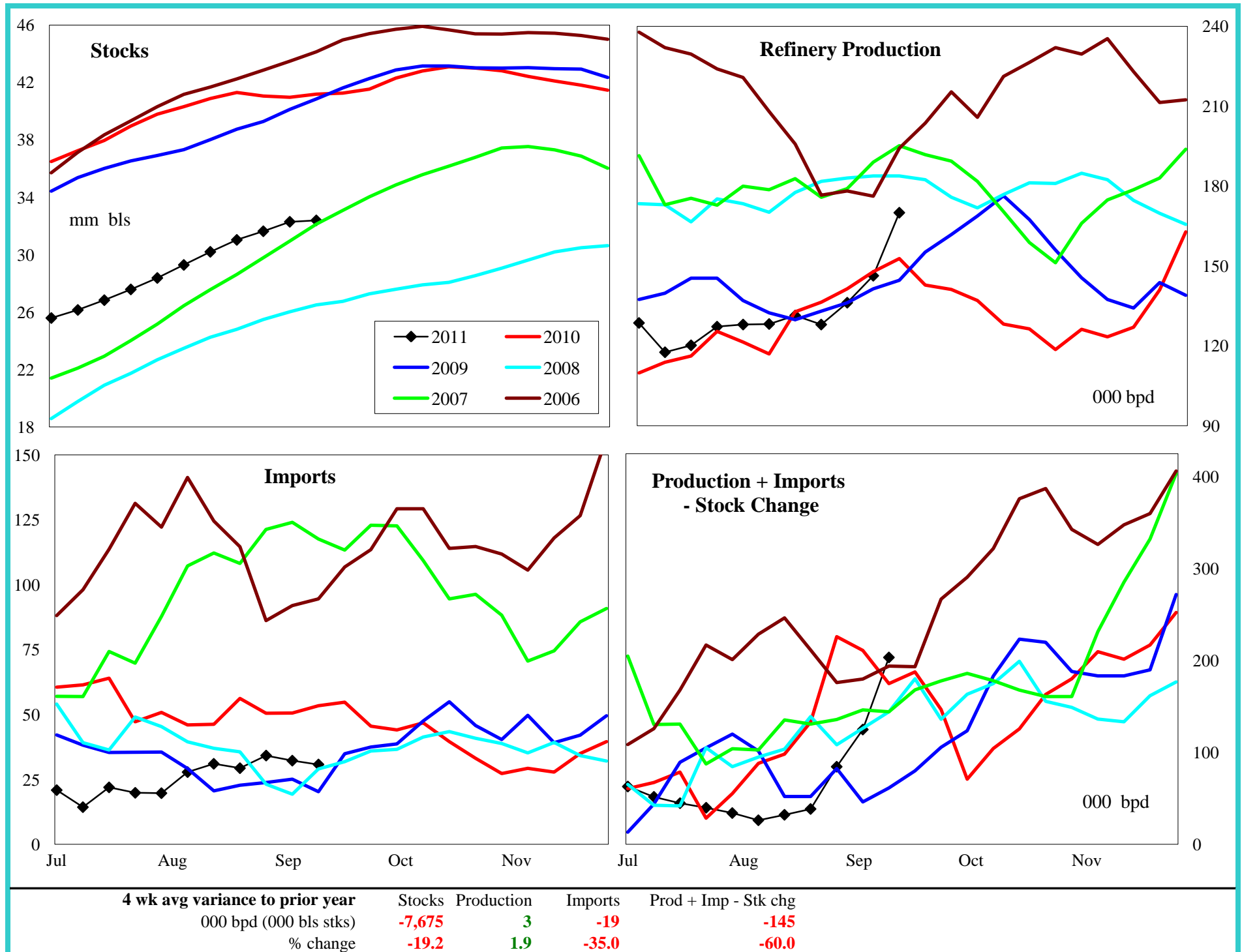
PADD 1 Low Sulfur Distillate Supply



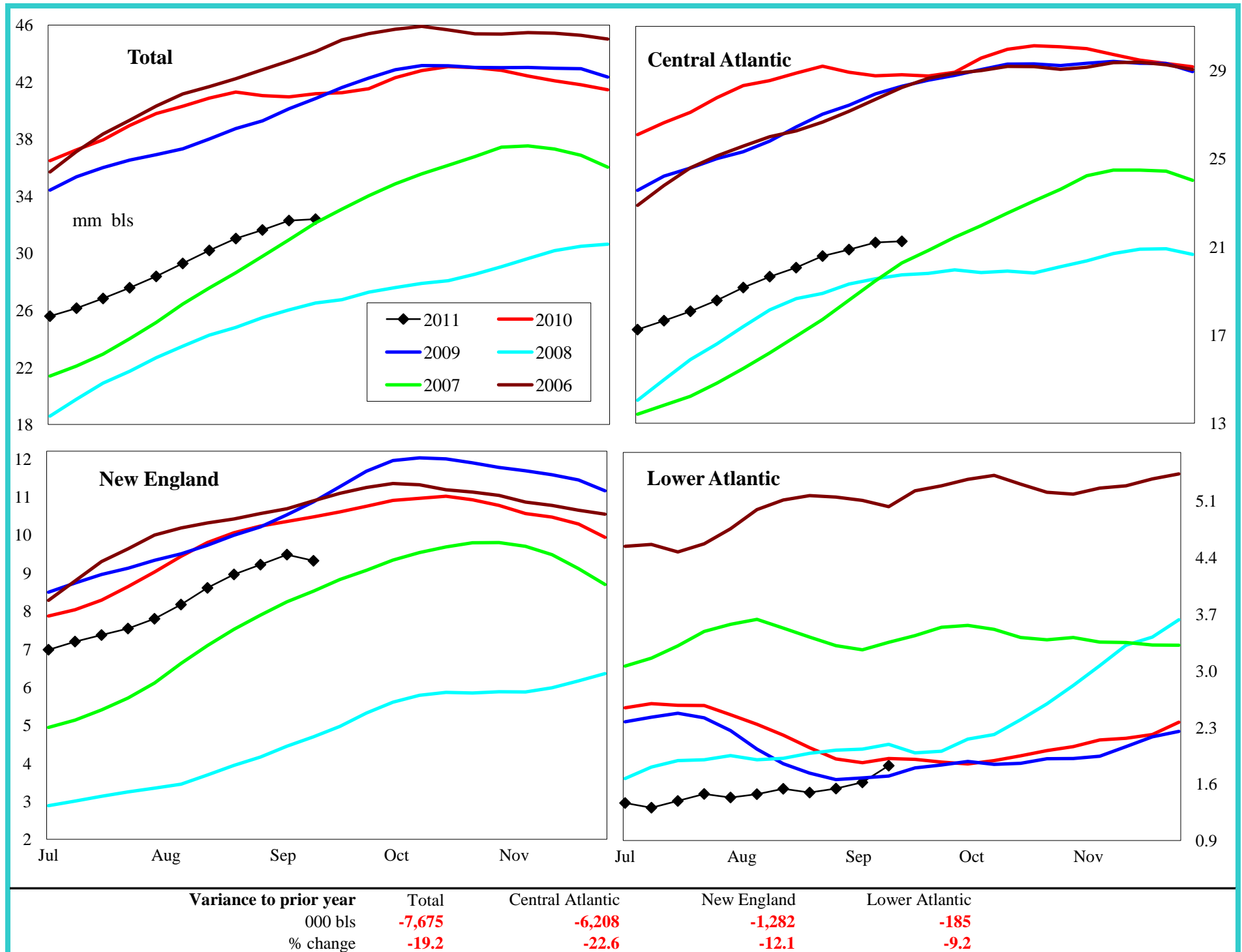
PADD 1 Low Sulfur Distillate Stocks by Region



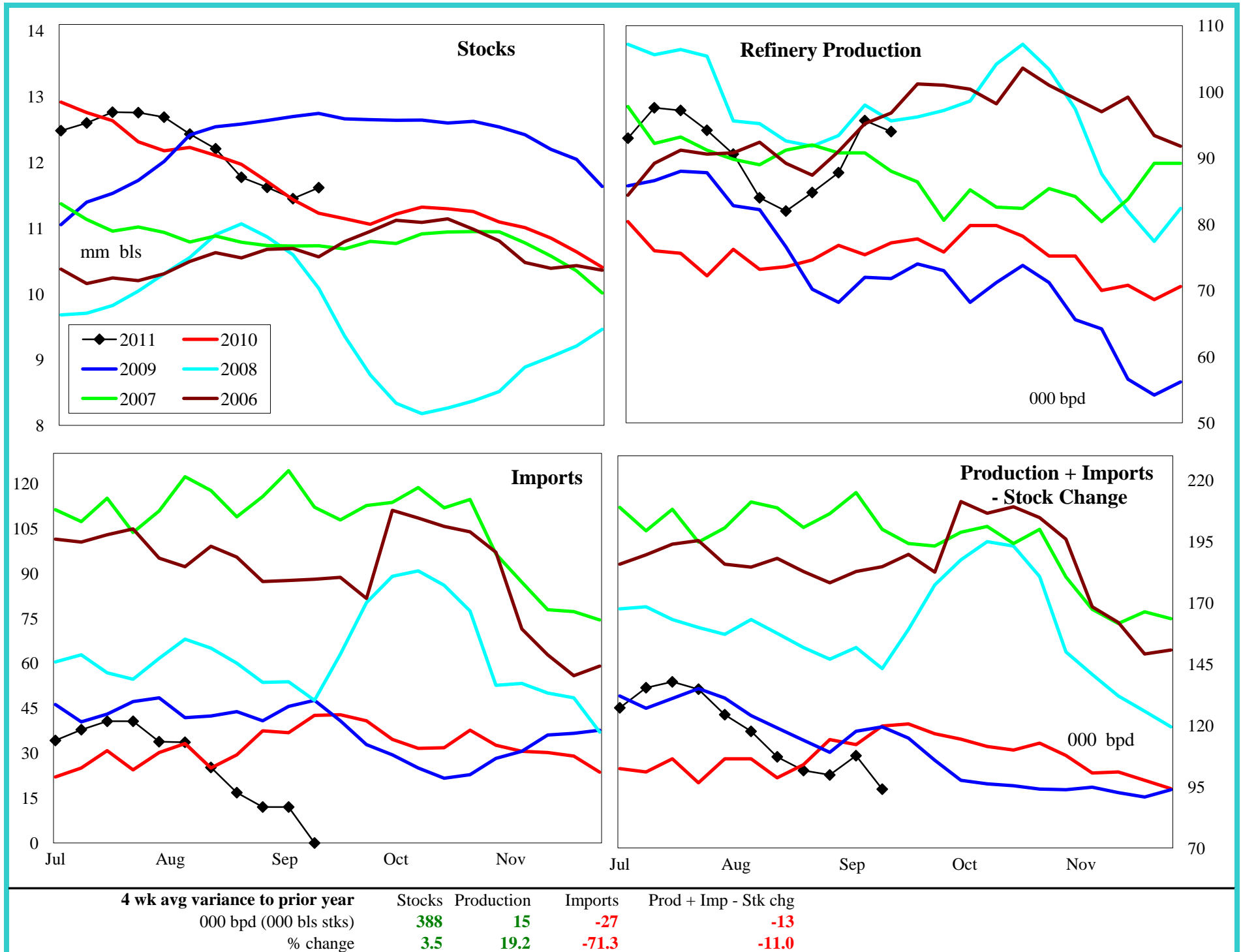
PADD 1 High Sulfur Distillate Supply



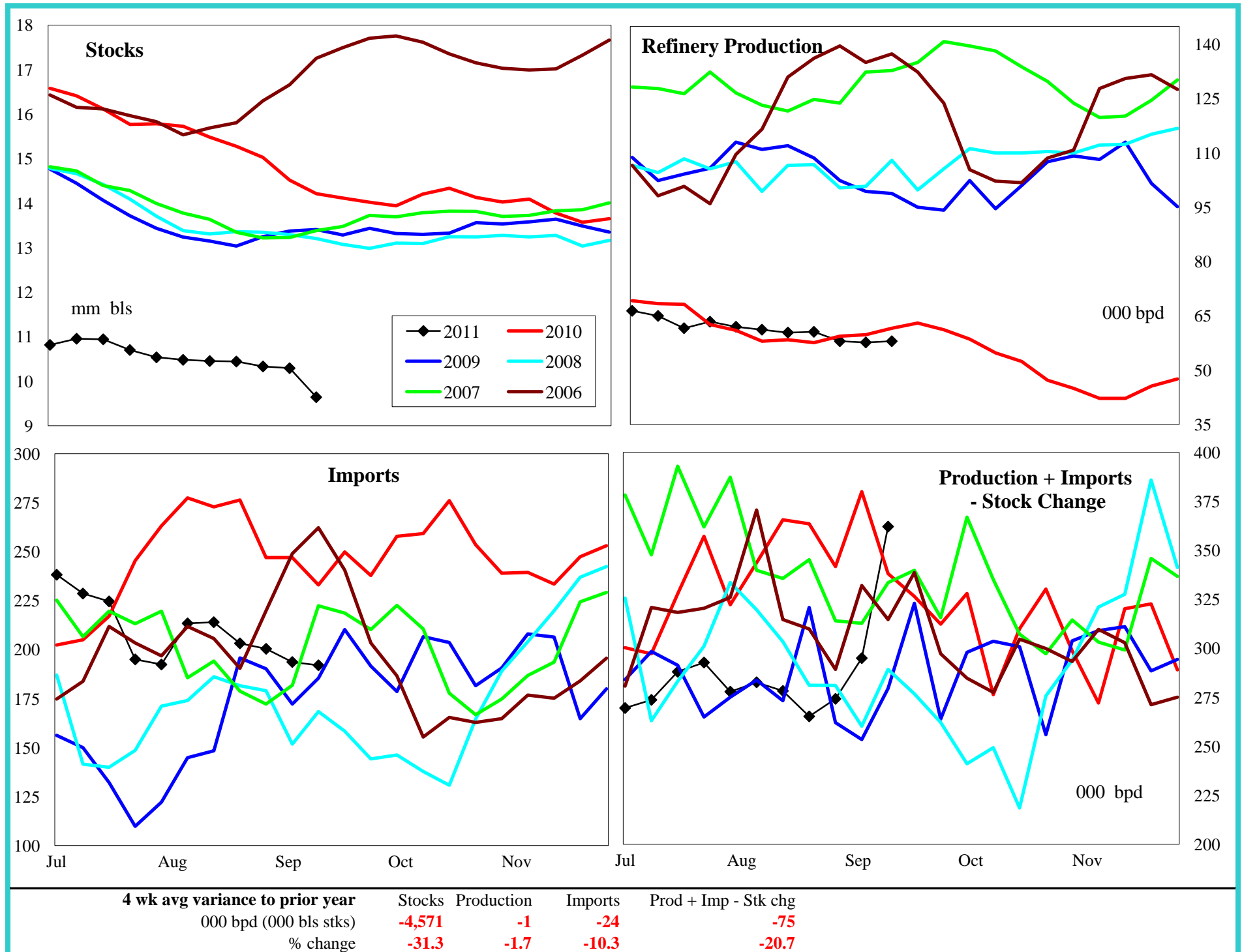
PADD 1 High Sulfur Distillate Stocks by Region



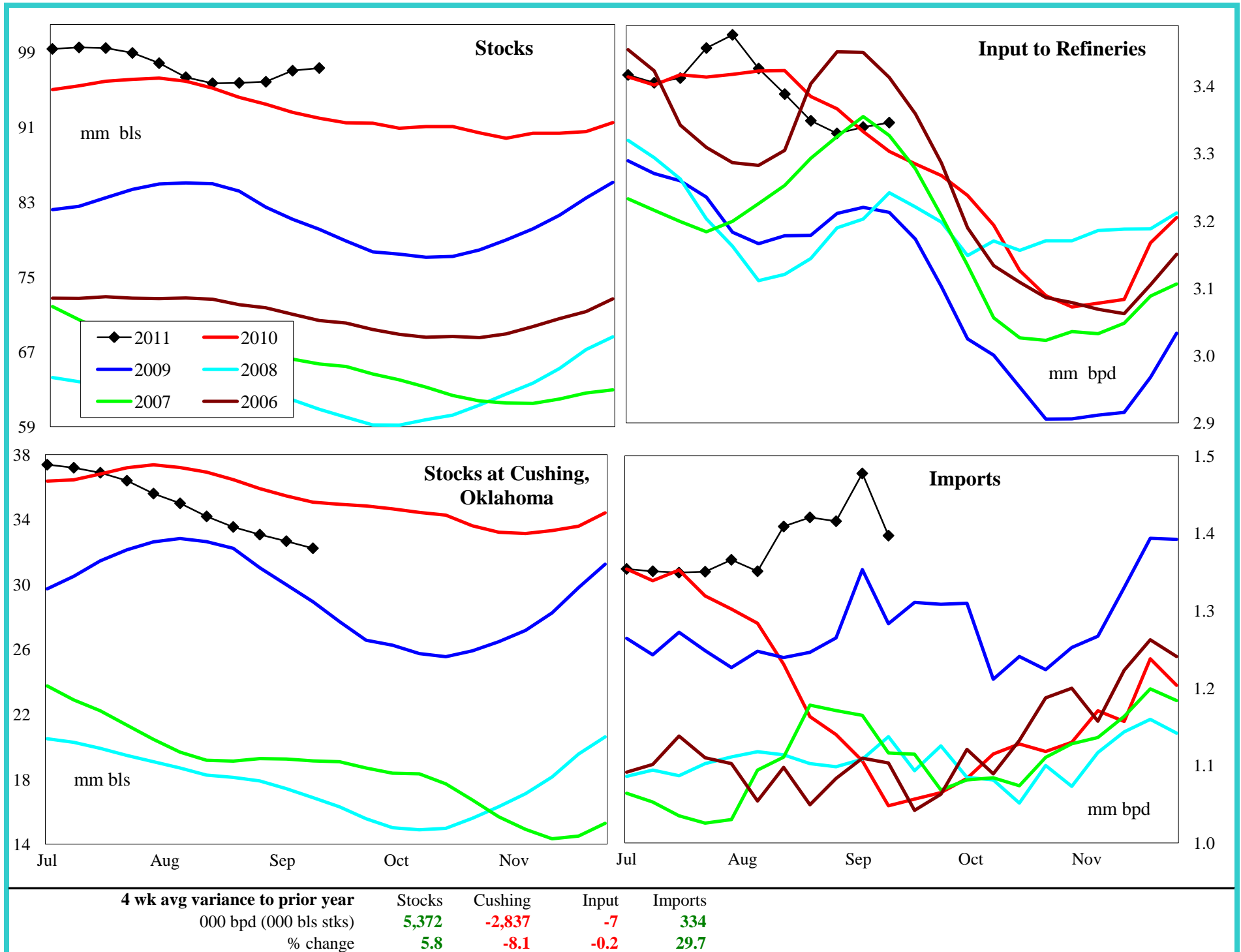
PADD 1 Jet Fuel Supply



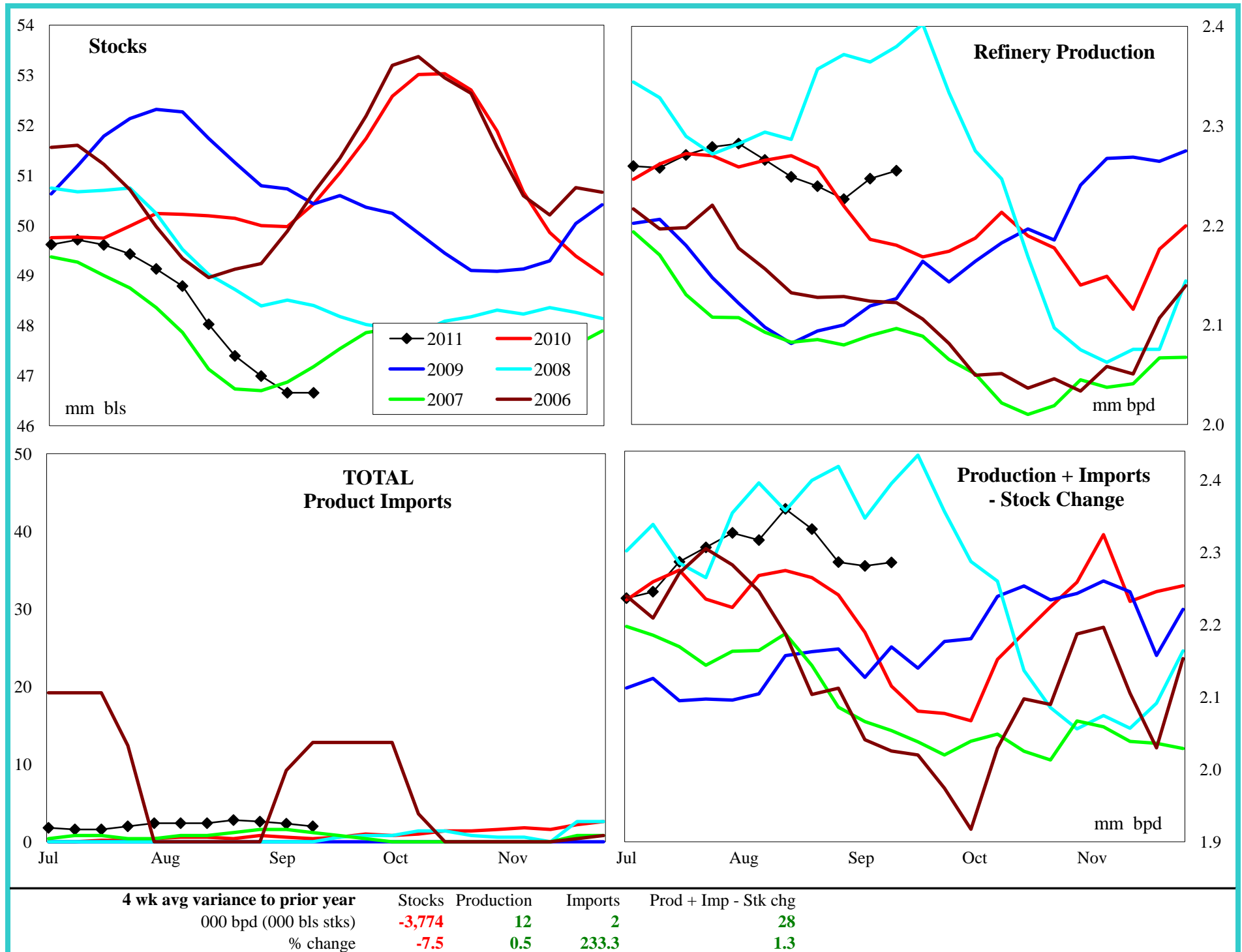
PADD 1 Residual Fuel Oil Supply



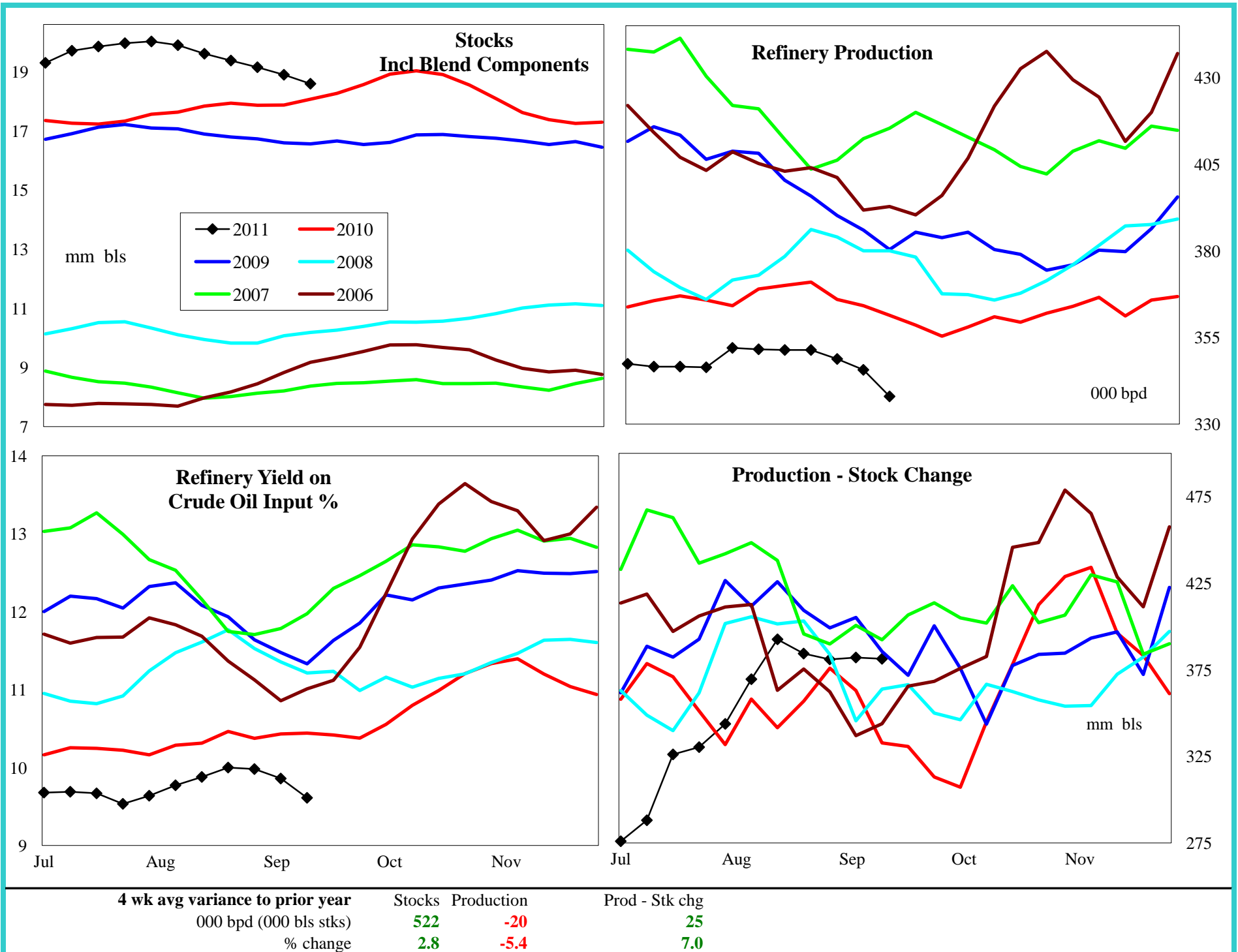
PADD 2 Crude Oil Supply and Refining



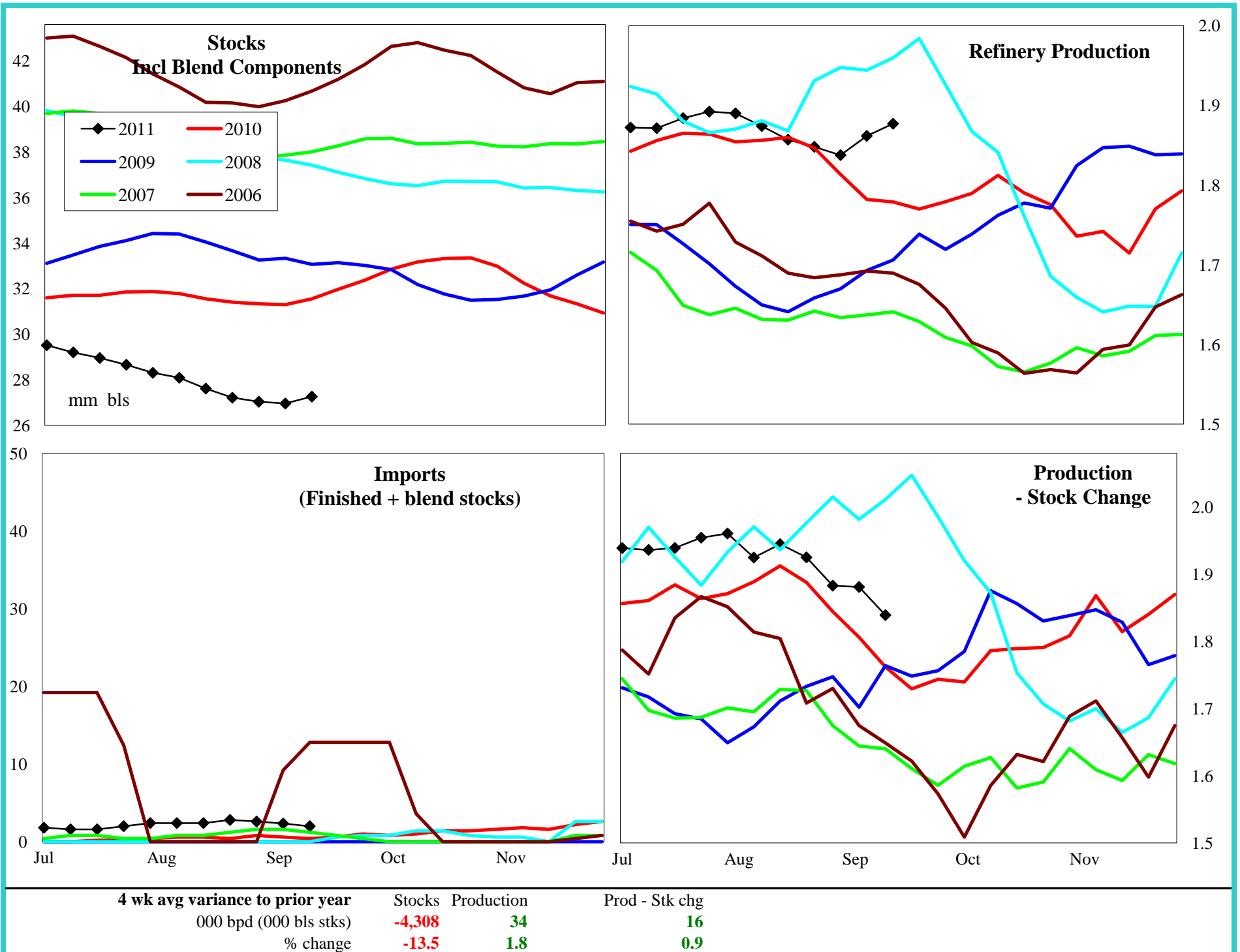
PADD 2 Gasoline Supply



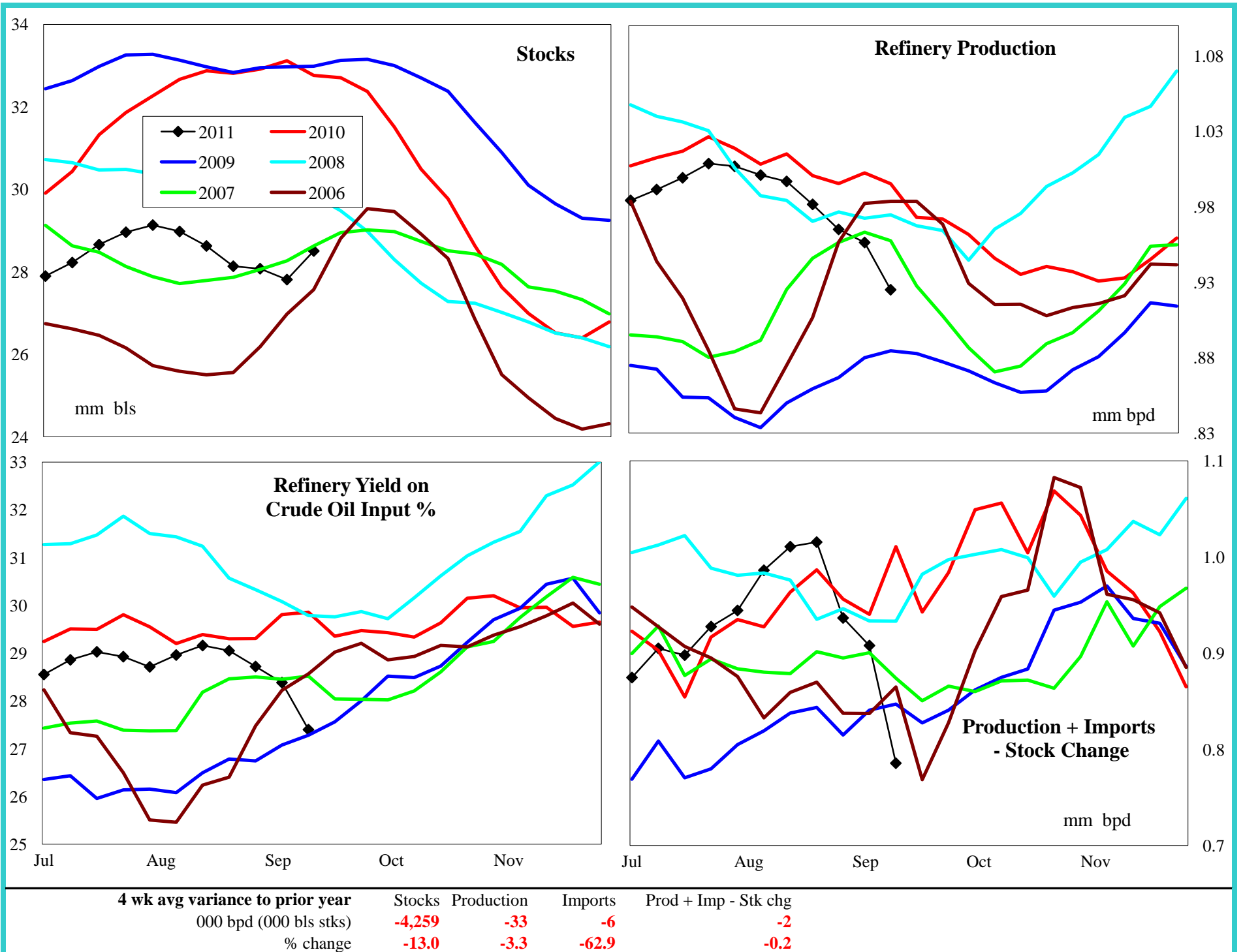
PADD 2 Reformulated Gasoline Supply



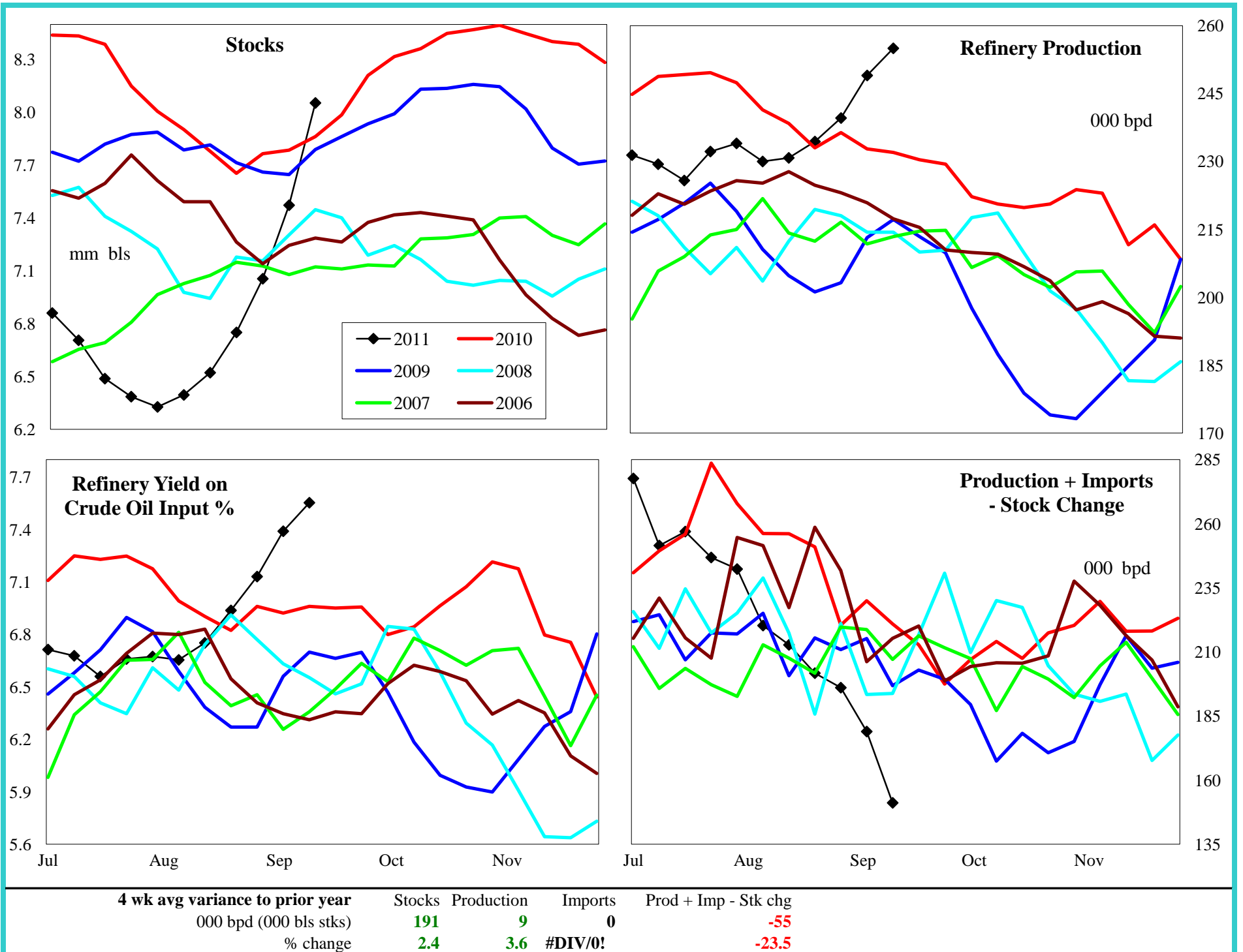
PADD 2 Conventional Gasoline Supply



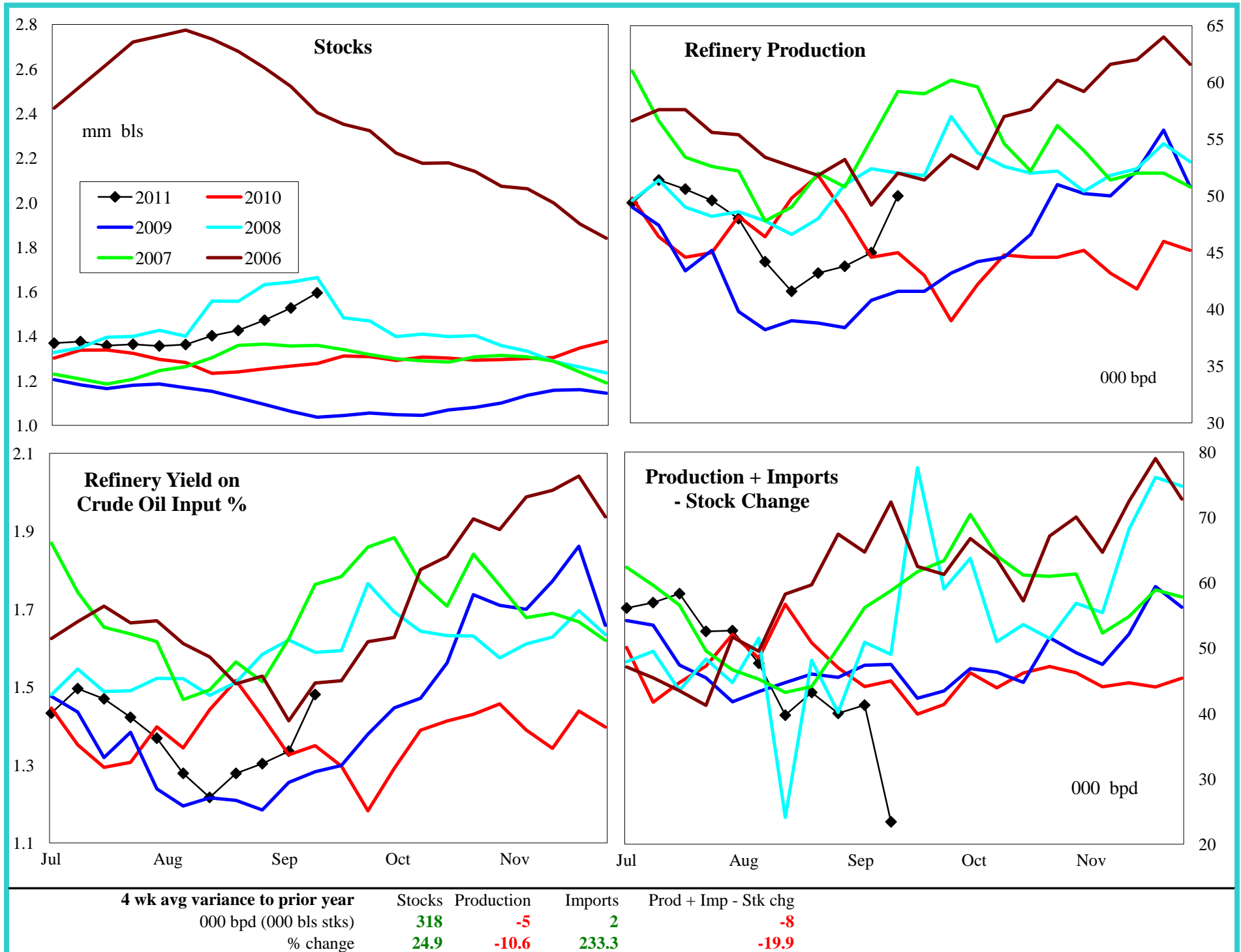
PADD 2 Distillate Supply



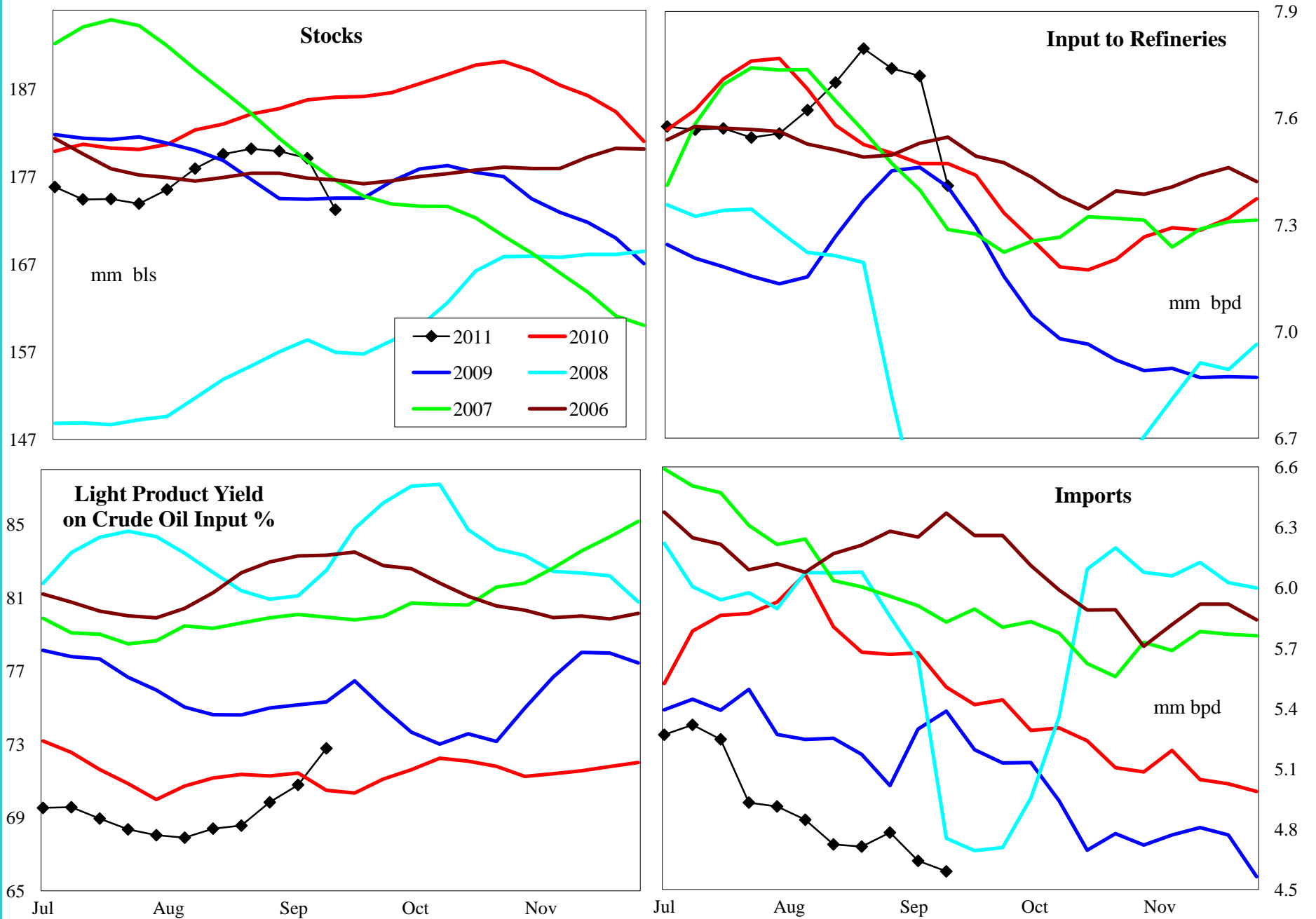
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



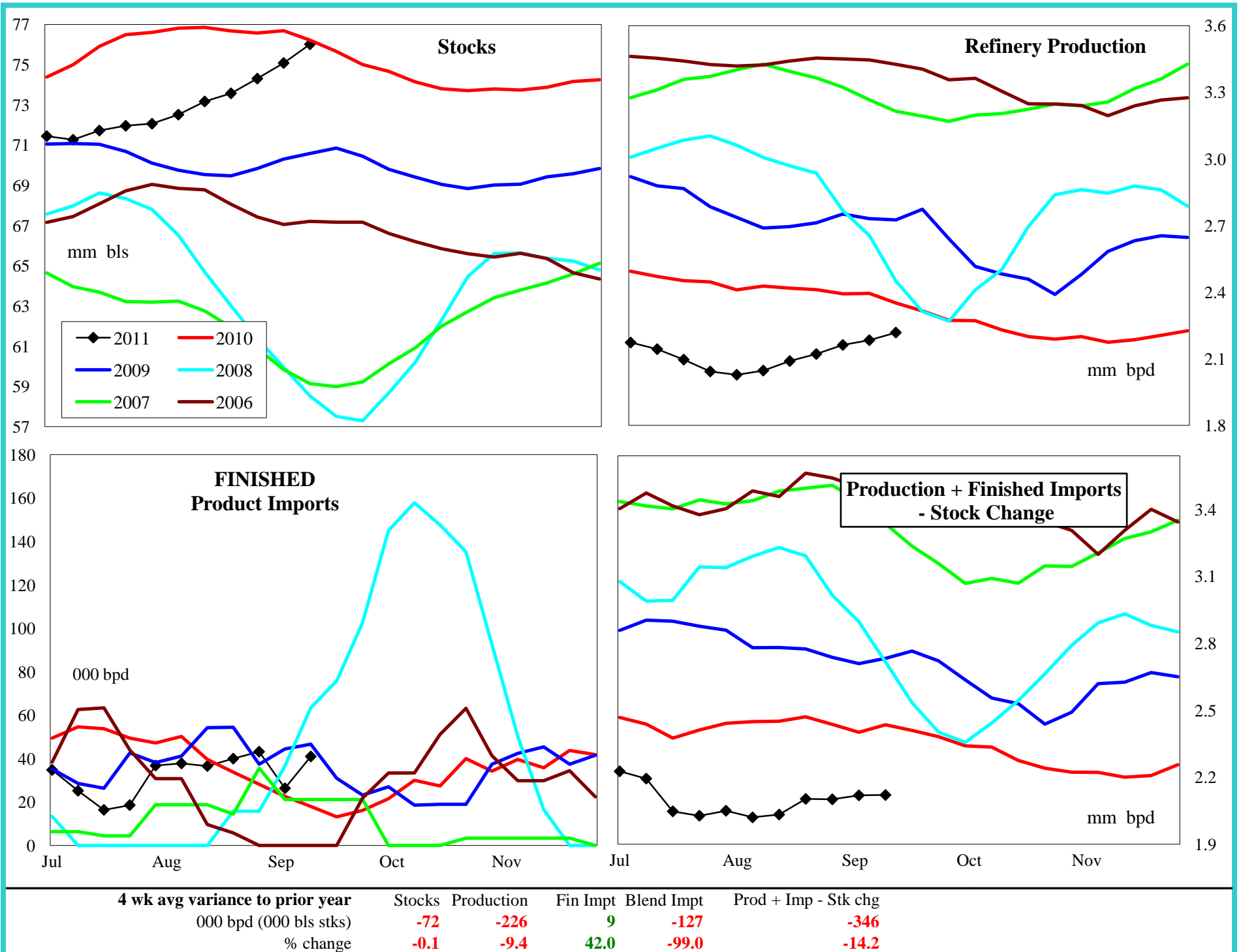
PADD 3 Crude Oil Supply and Refining



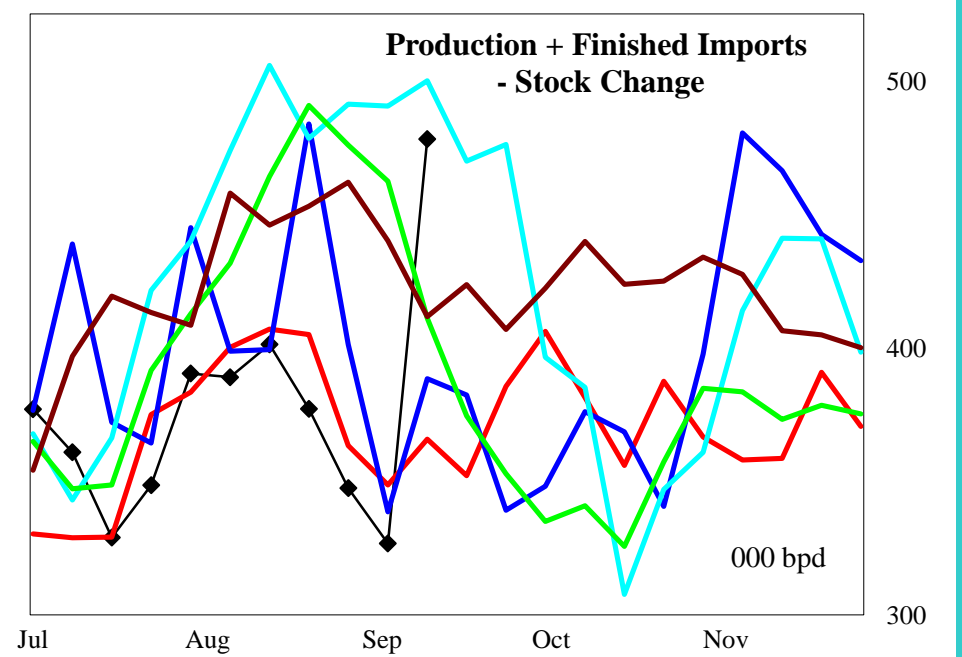
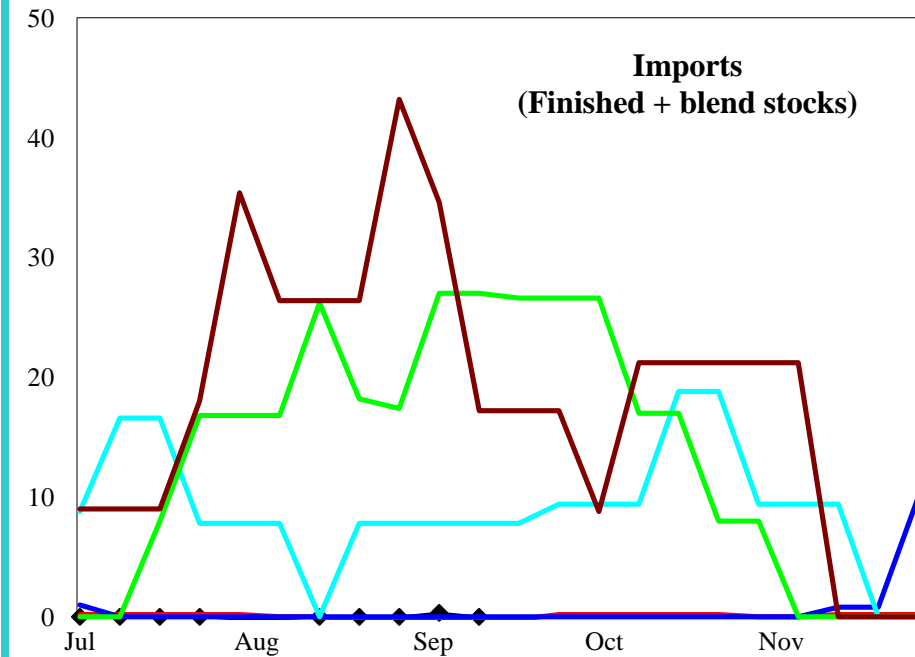
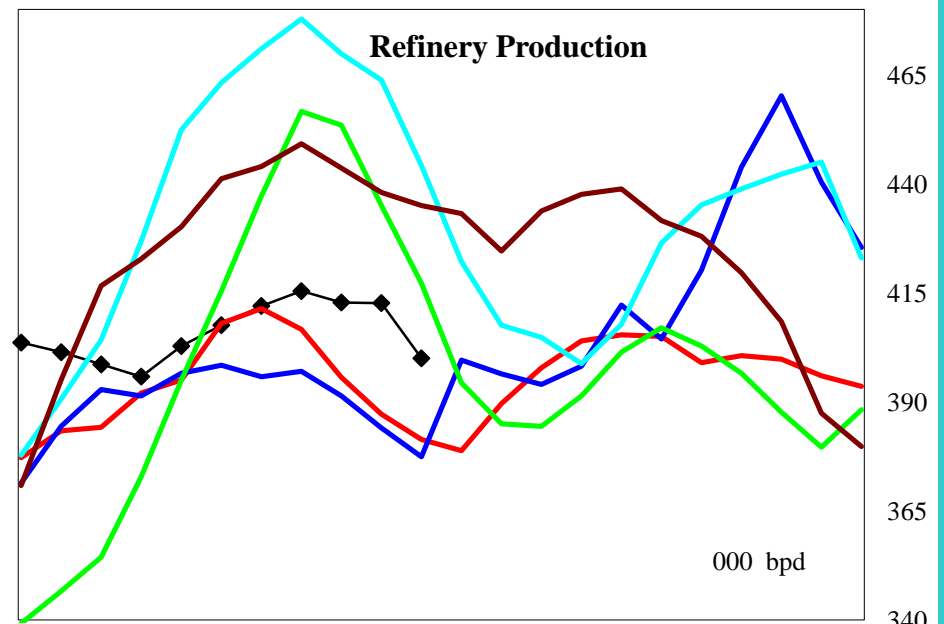
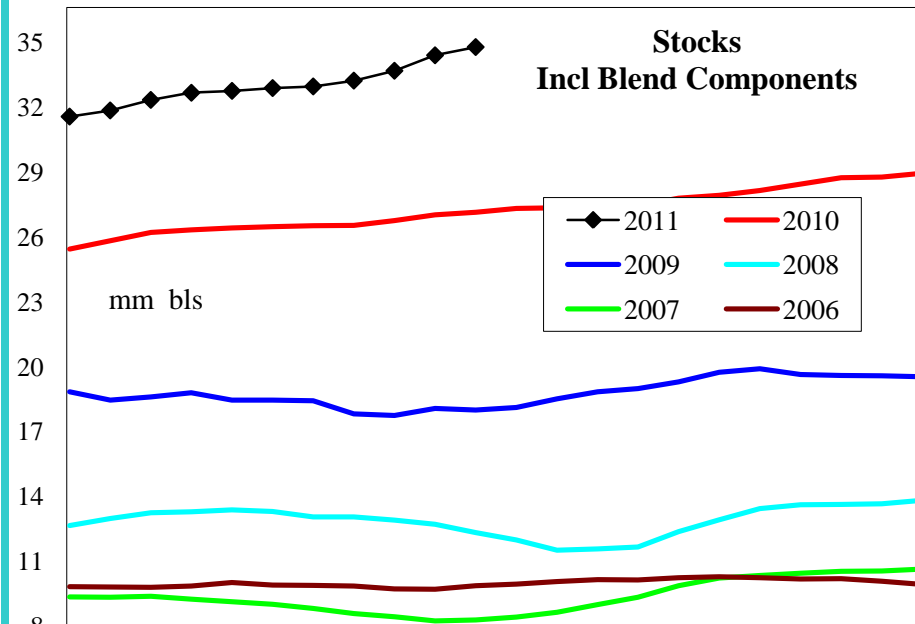
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-12,847	328	-950
% change	-6.9	4.4	-16.8

PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

7,310

26.2

Production

21

5.2

Imports

1

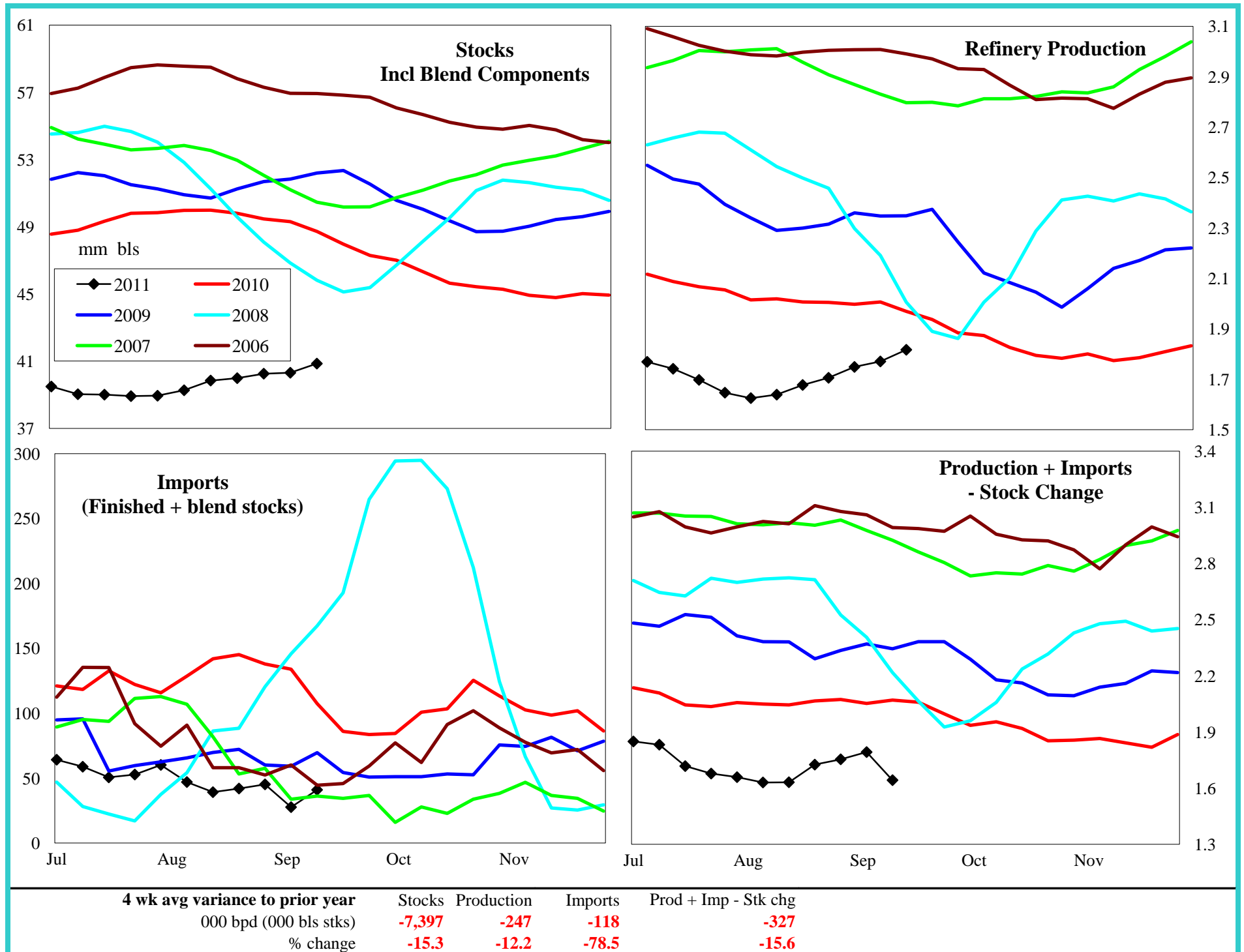
-200.0

Prod + Imp - Stk chg

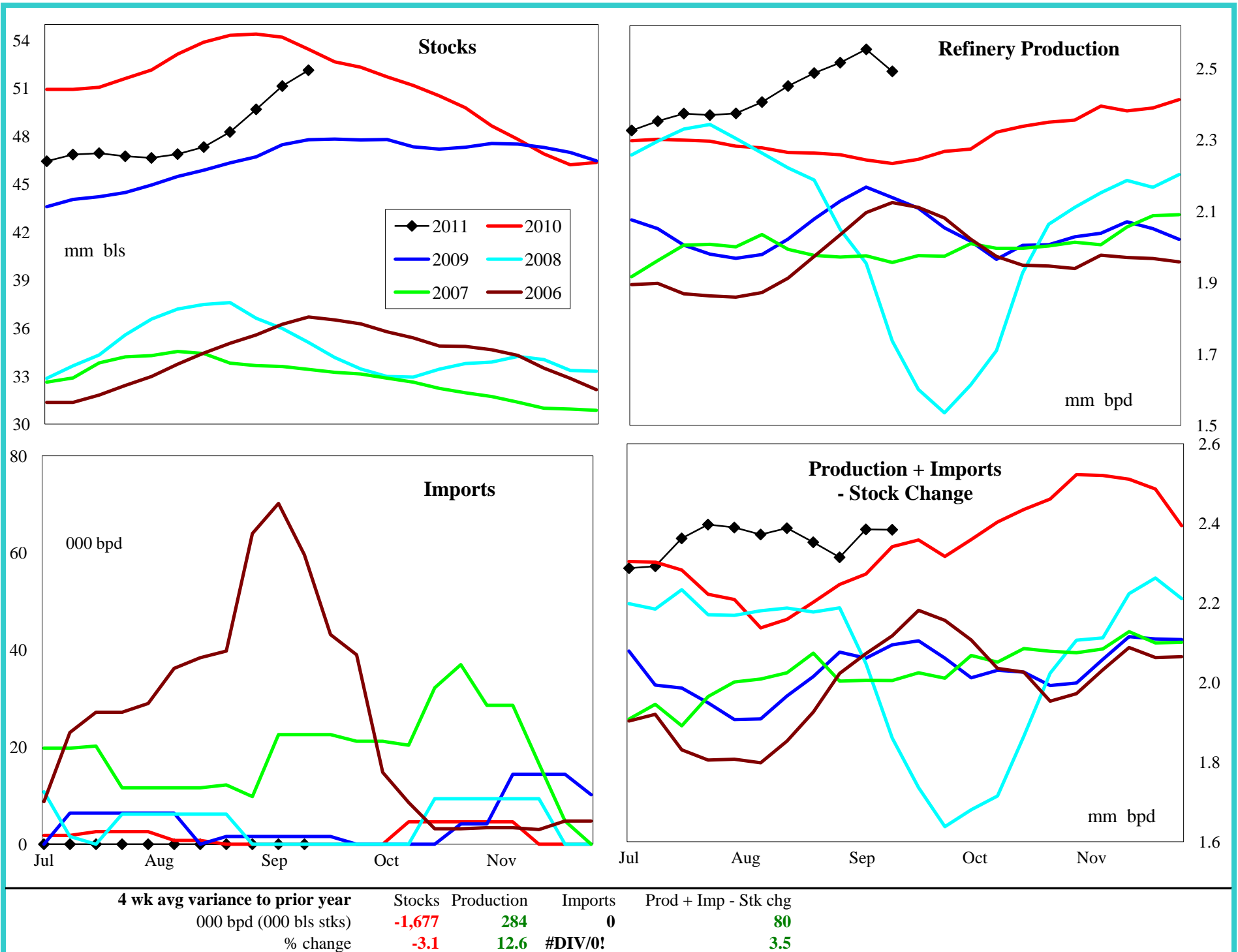
-19

-5.5

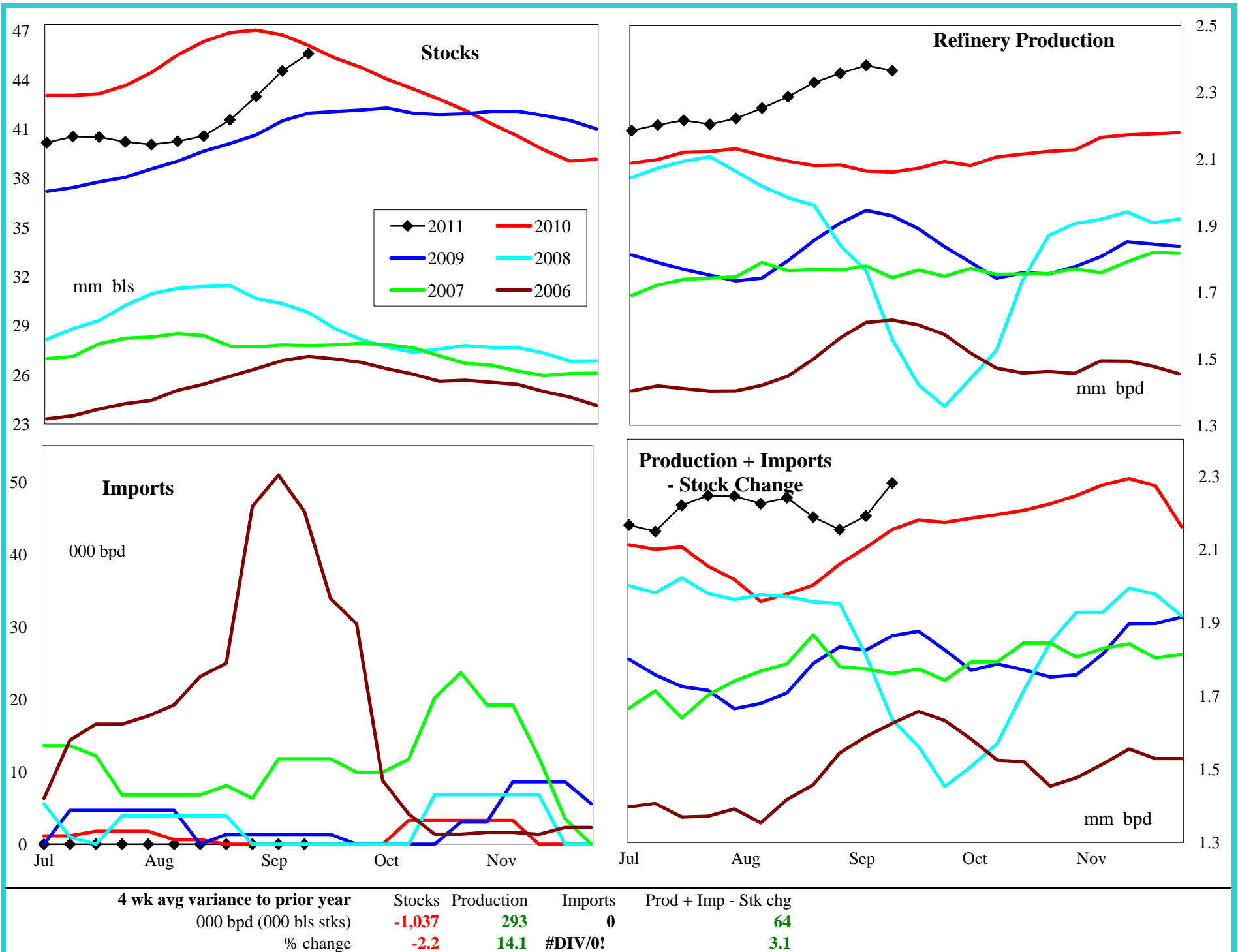
PADD 3 Conventional Gasoline Supply



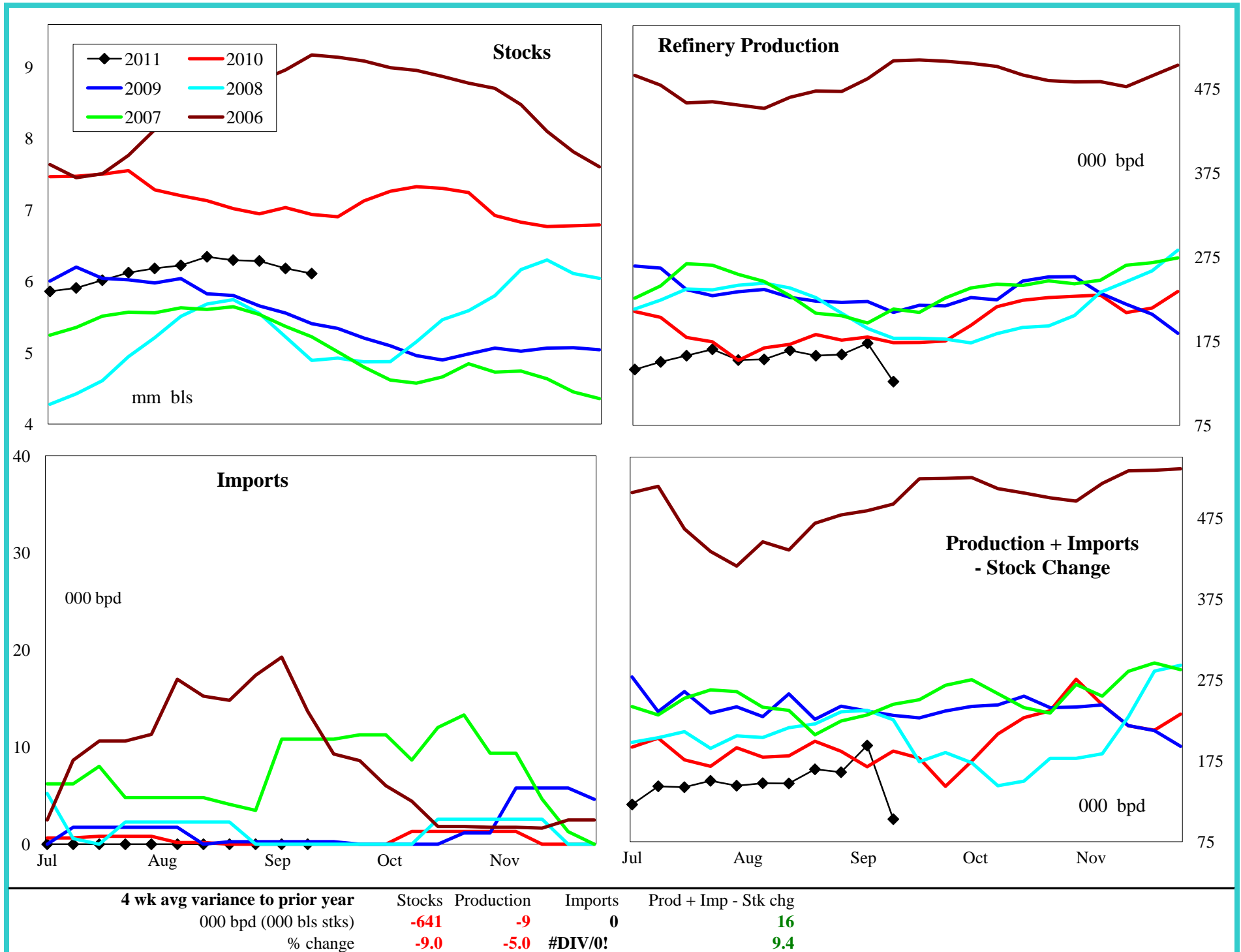
PADD 3 Distillate Supply



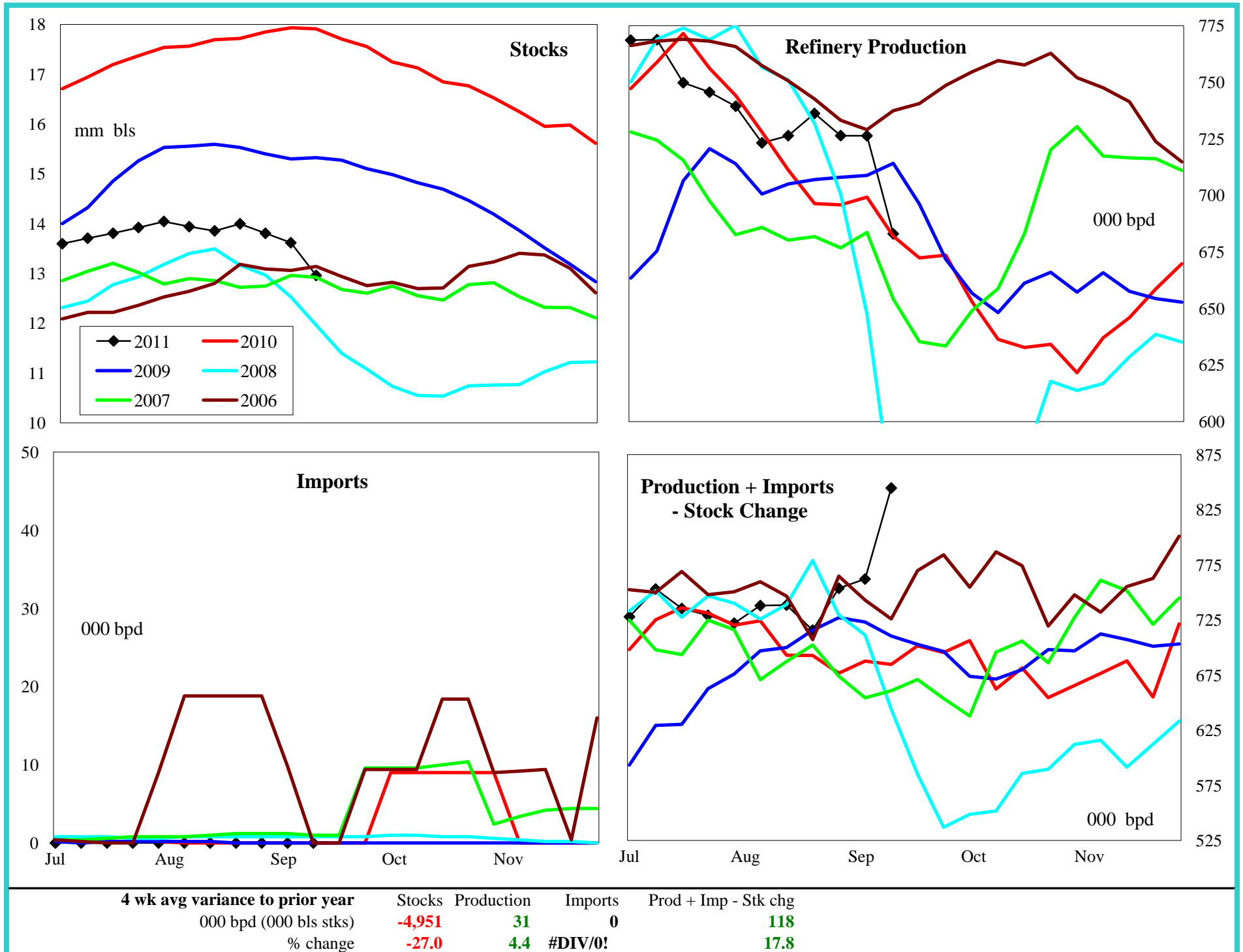
PADD 3 Low Sulfur Distillate Supply



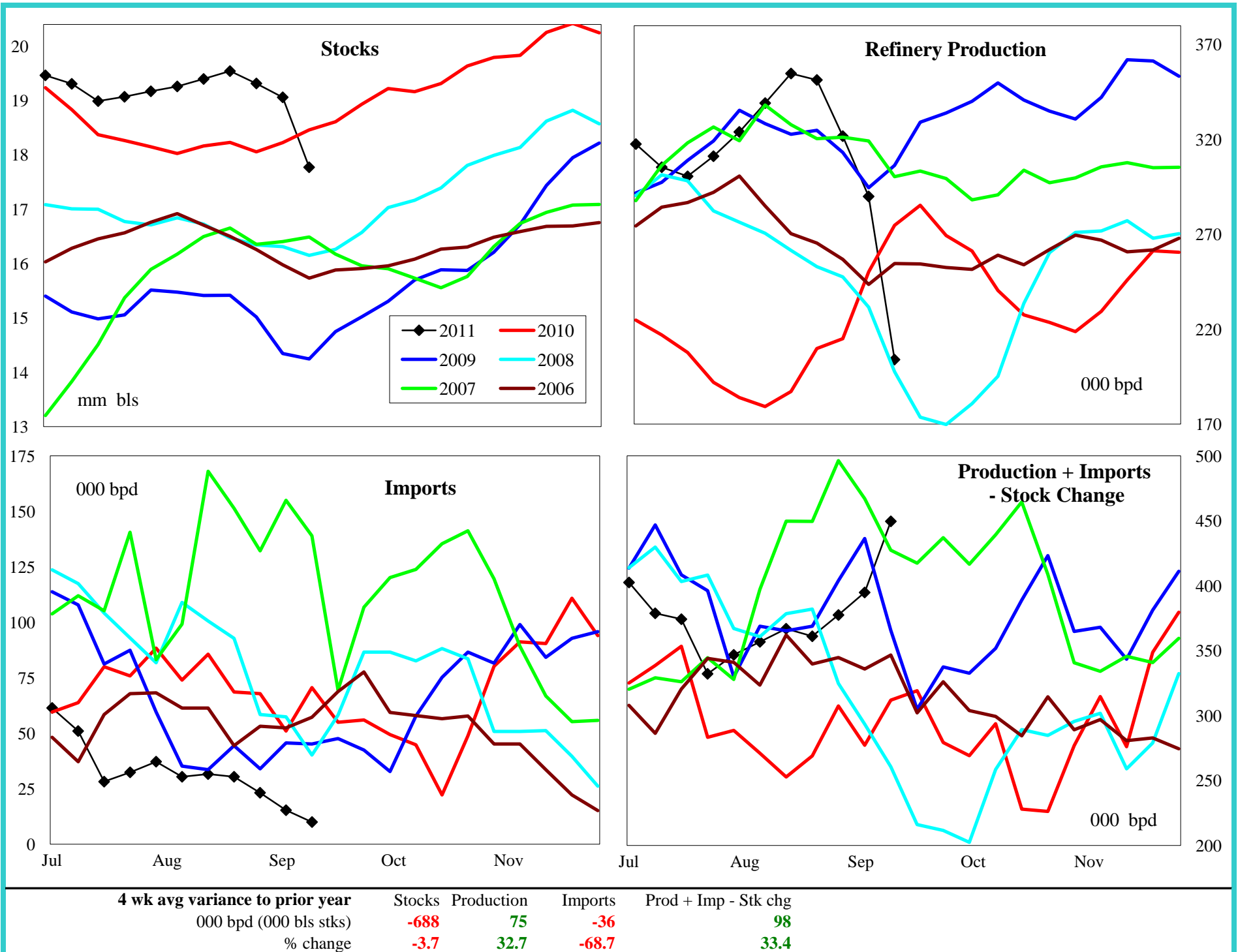
PADD 3 High Sulfur Distillate Supply



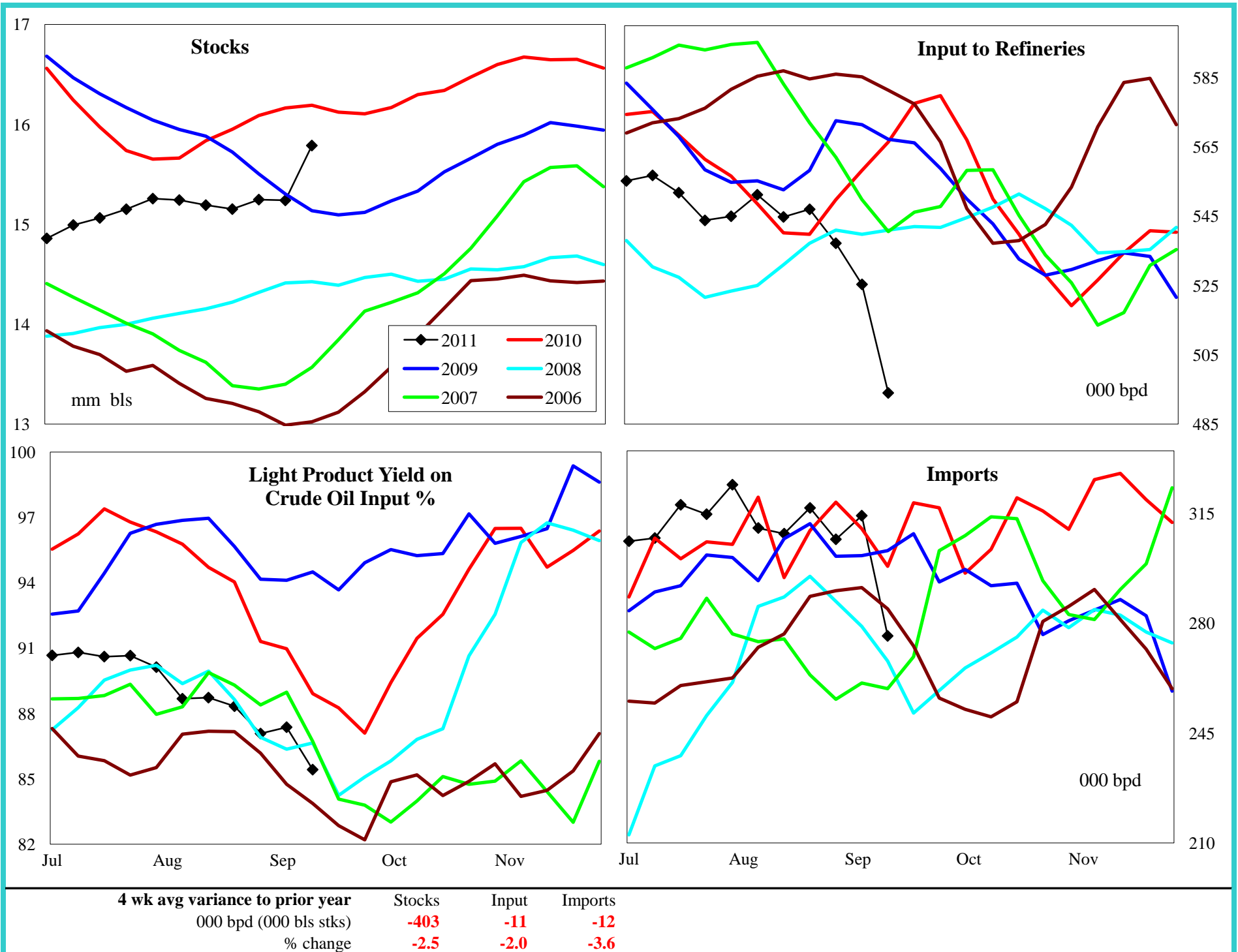
PADD 3 Jet Fuel Supply



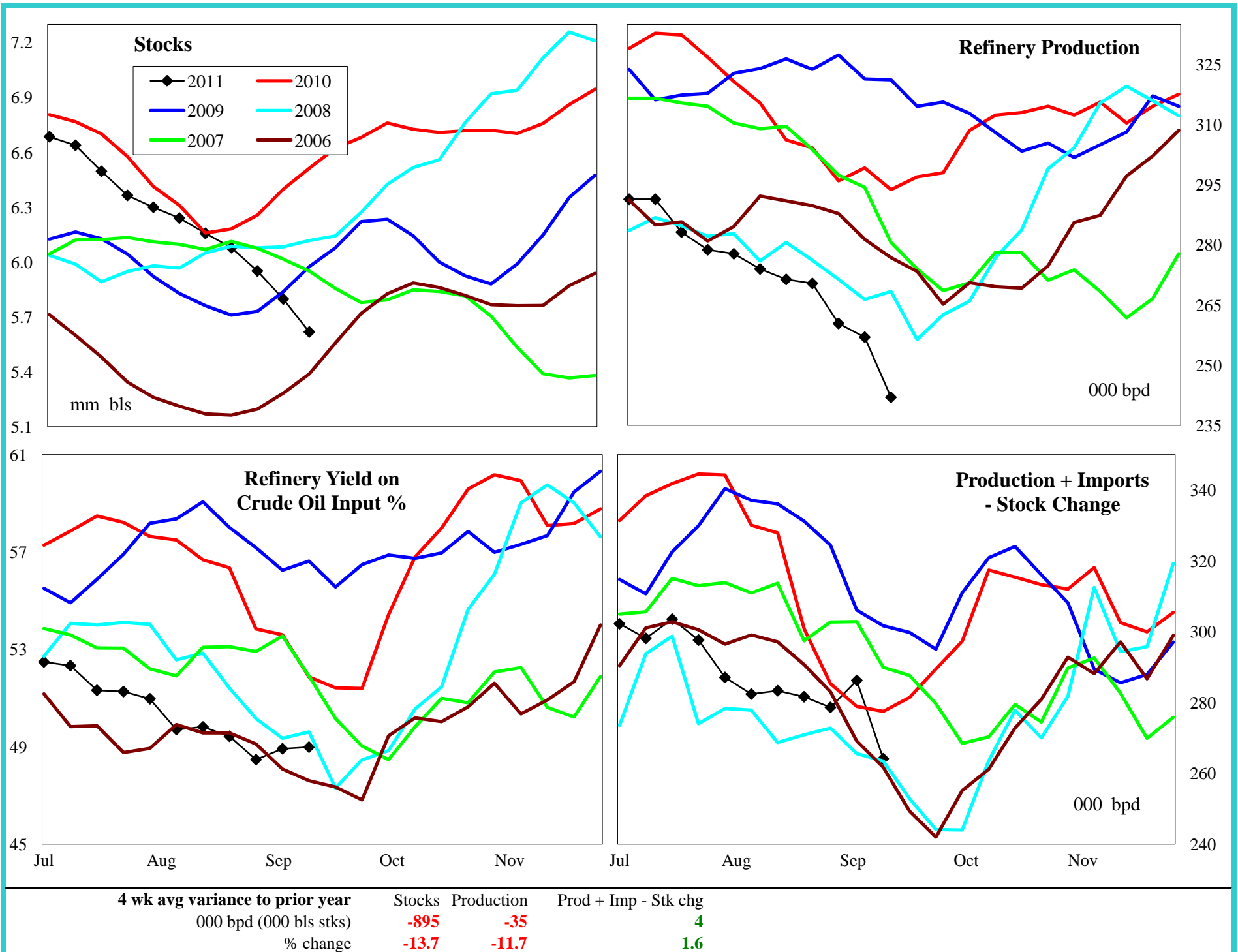
PADD 3 Residual Fuel Oil Supply



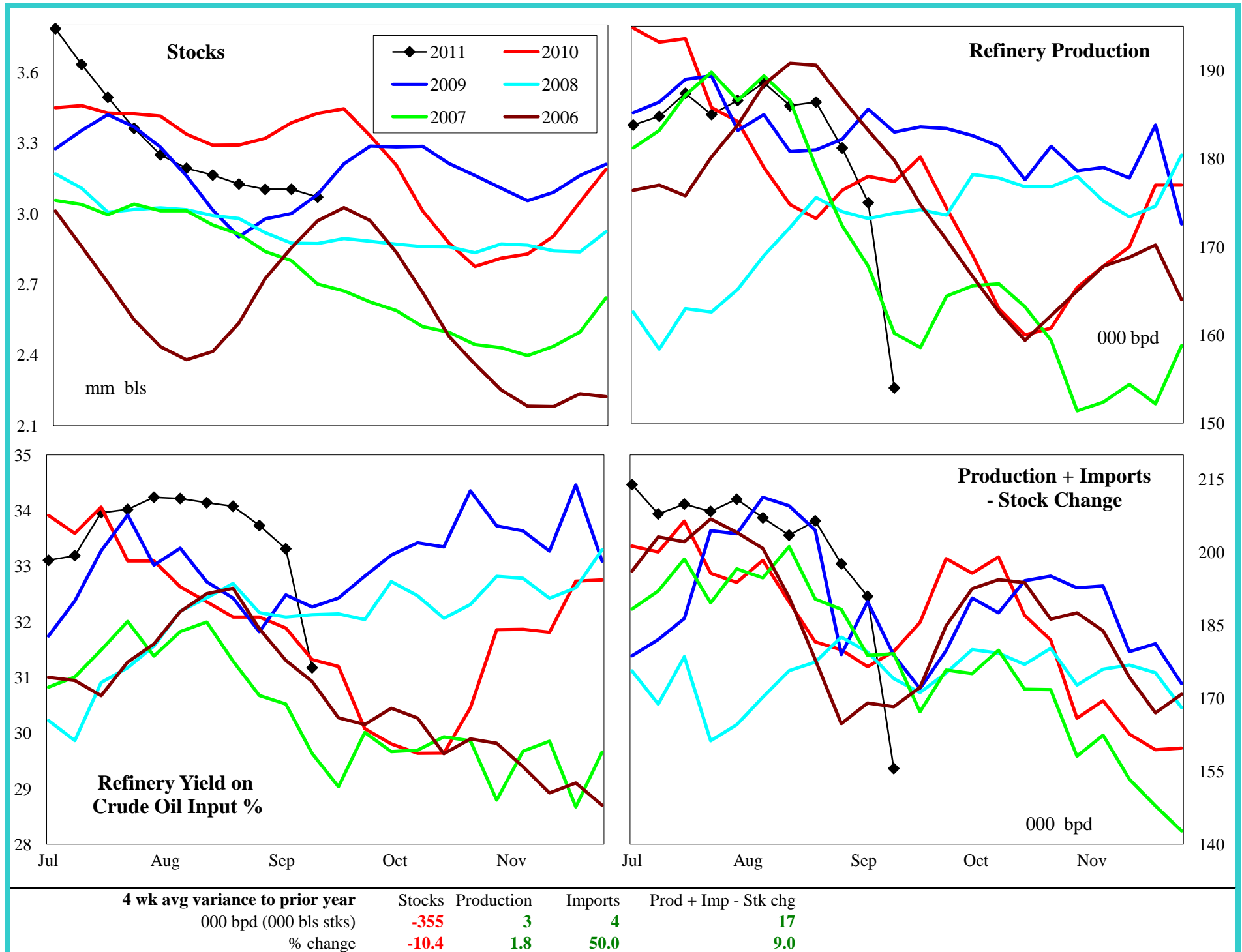
PADD 4 Crude Oil Supply and Refining



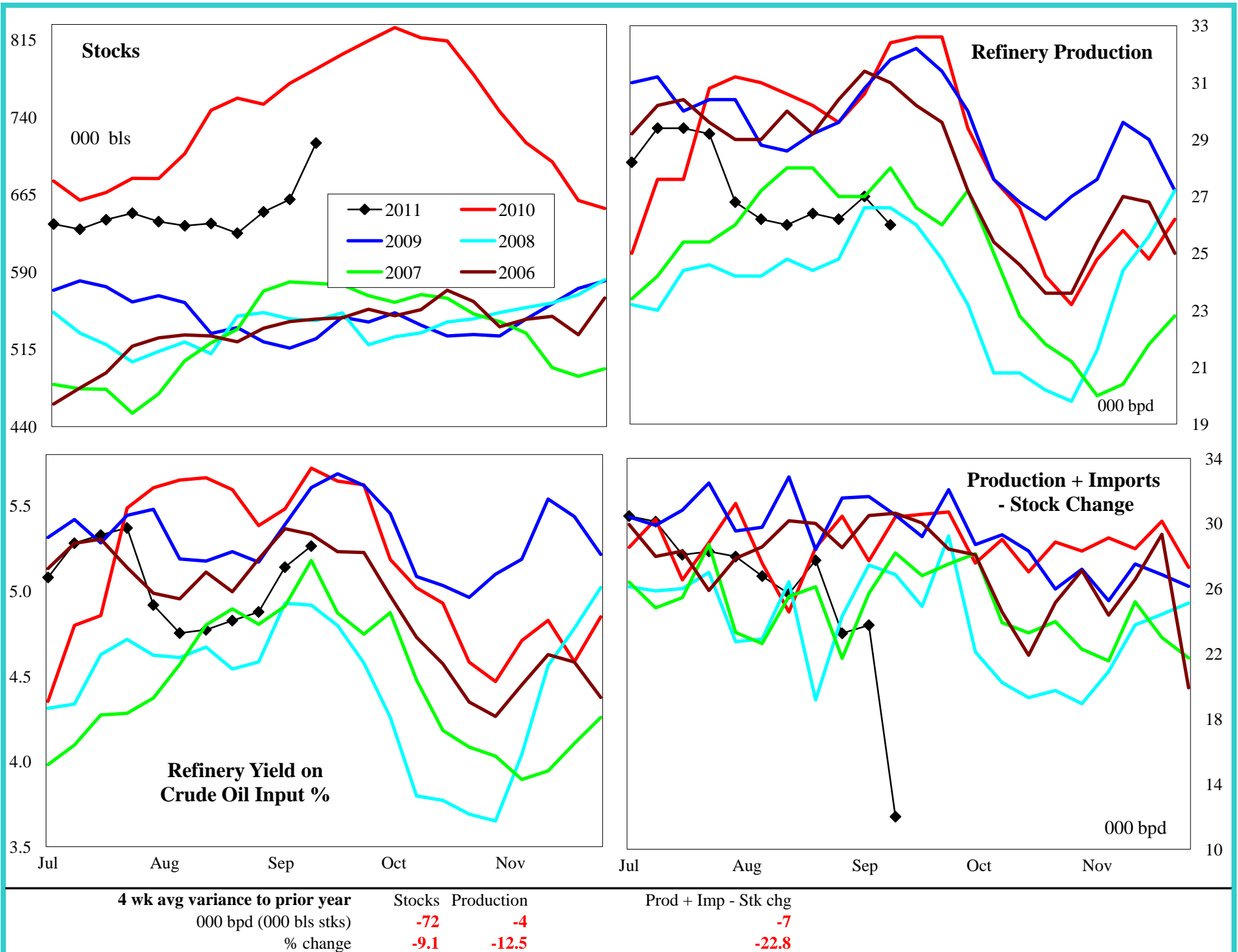
PADD 4 Gasoline Supply



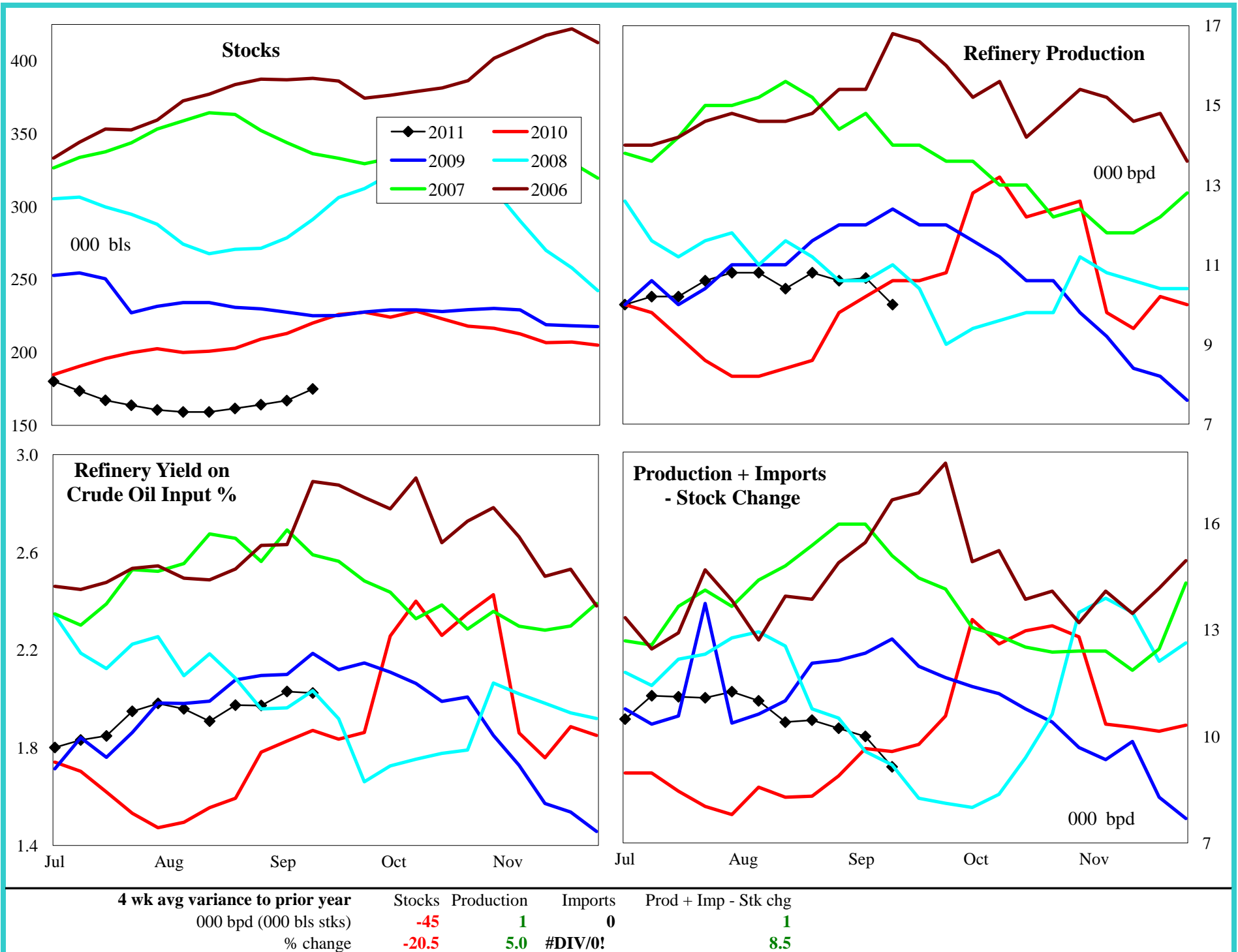
PADD 4 Distillate Supply



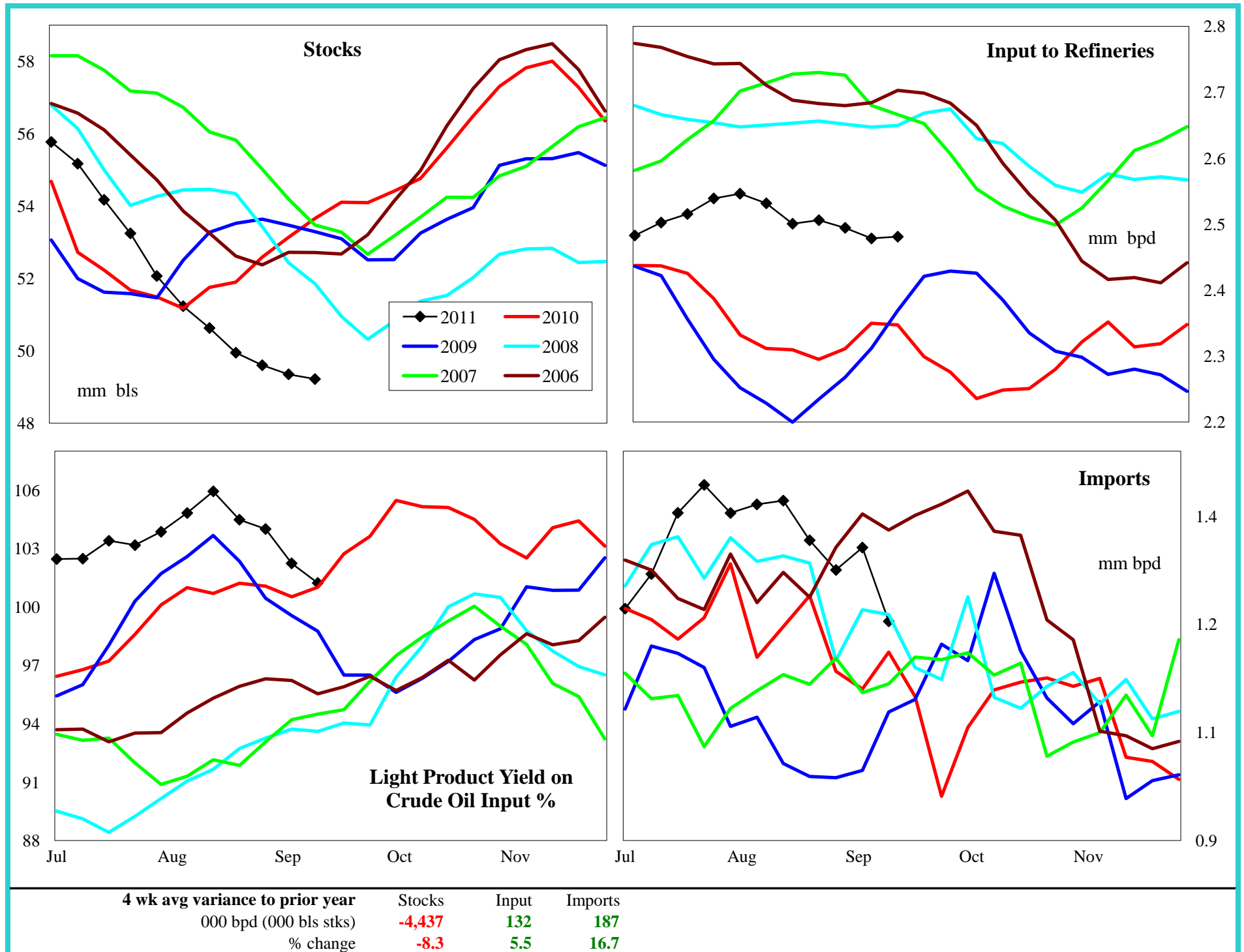
PADD 4 Jet Fuel Supply



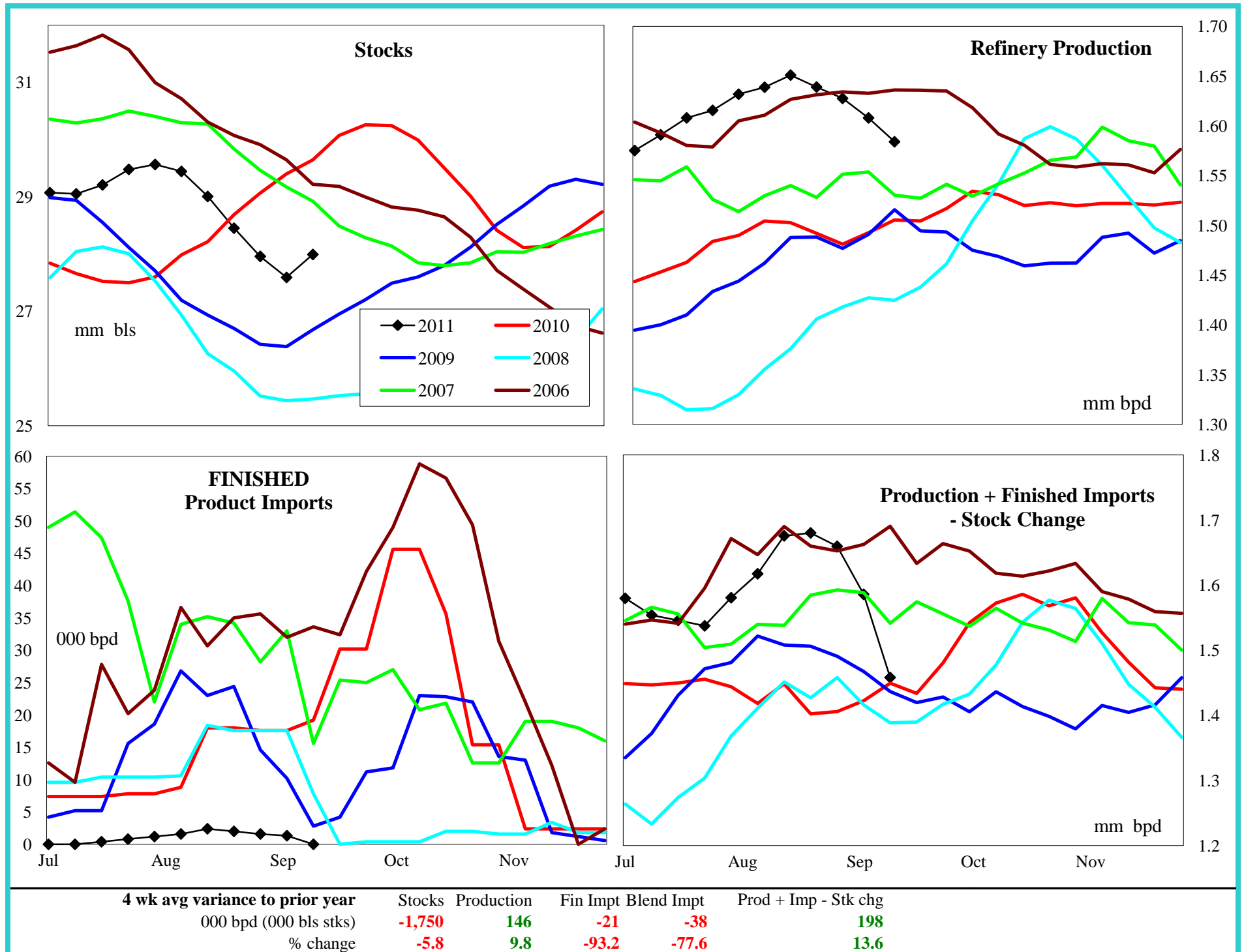
PADD 4 Residual Fuel Oil Supply



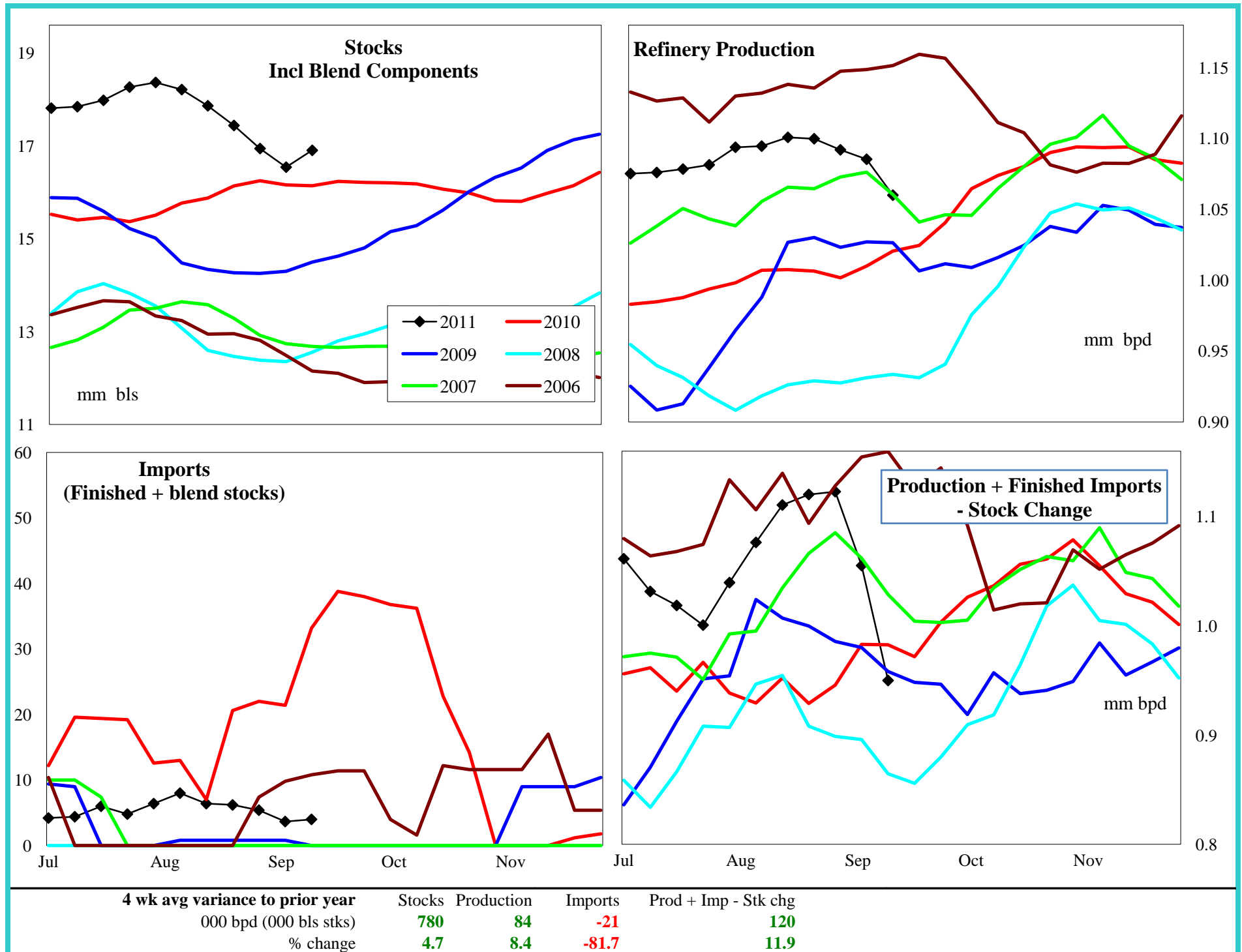
PADD 5 Crude Oil Supply and Refining



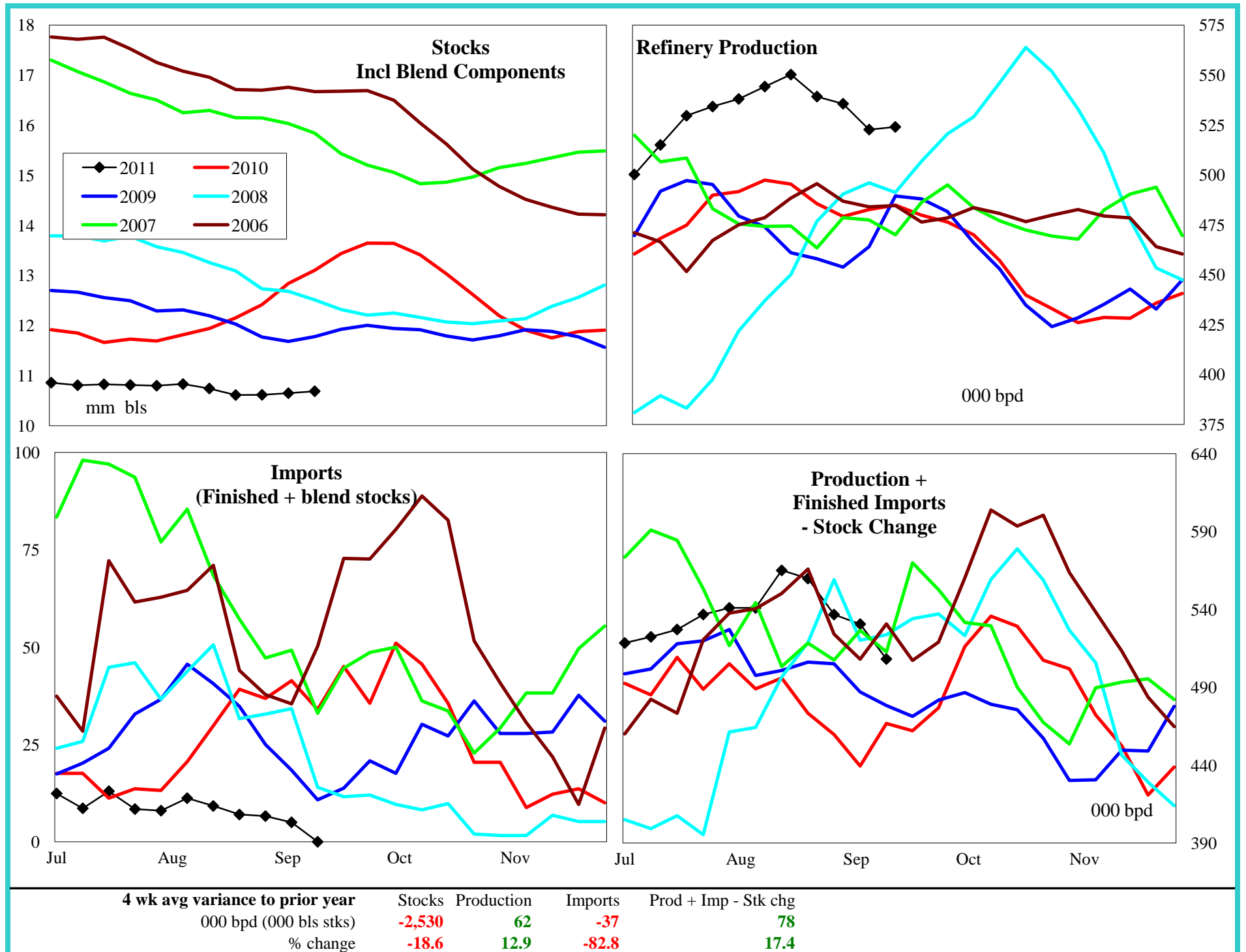
PADD 5 Gasoline Supply



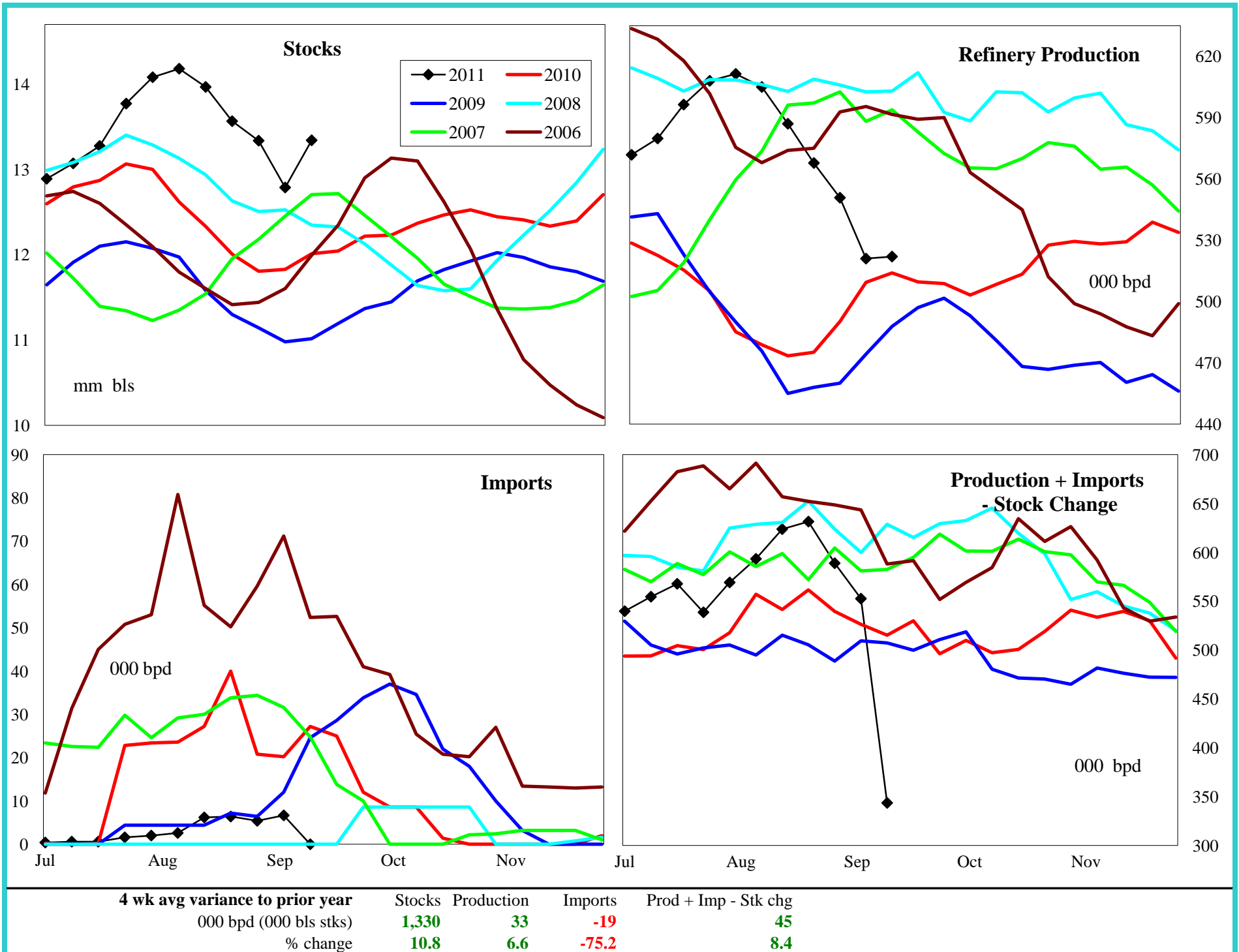
PADD 5 Reformulated Gasoline Supply



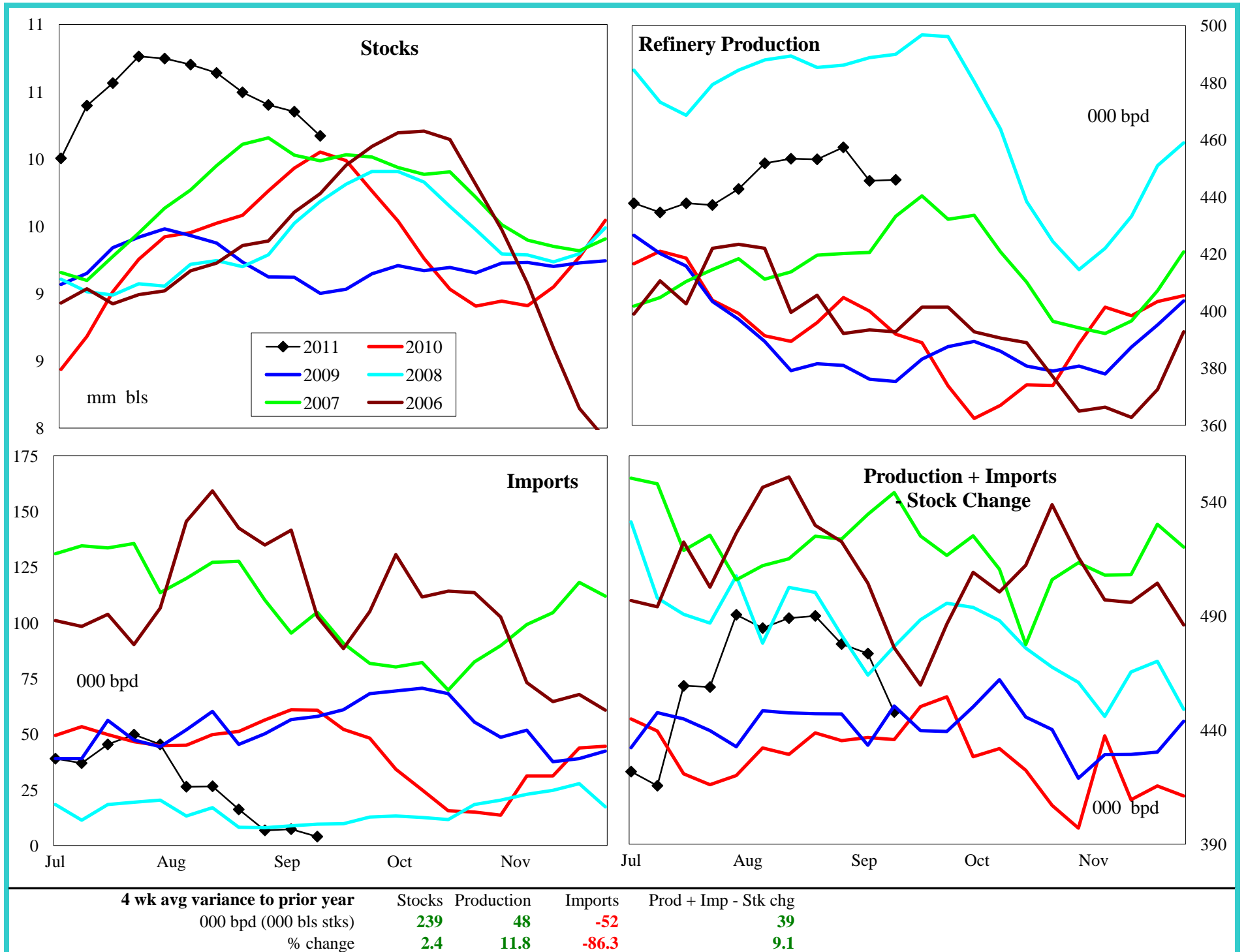
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

